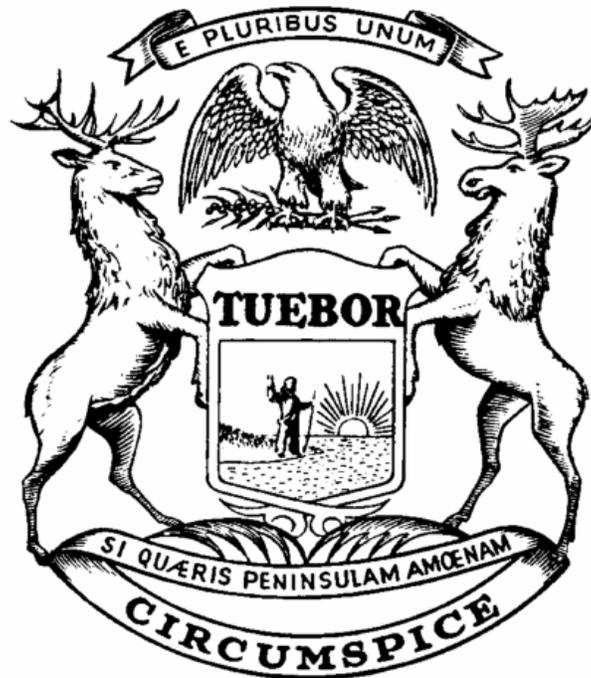


STATE OF MICHIGAN  
FISCAL YEAR 2006-07

# Appropriations Summary and Analysis



HOUSE  
**FISCAL**  
AGENCY

Mitchell E. Bean, Director

September 2006

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**Craig DeRoche**

**Chris Ward**

**Rich Brown, Vice Chair**

**Dianne Byrum**

**Mary Waters**

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STATE OF MICHIGAN  
HOUSE OF REPRESENTATIVES



HOUSE FISCAL AGENCY

**MITCHELL E. BEAN, DIRECTOR**

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**GOVERNING COMMITTEE**

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CRAIG DEROCHE          DIANNE BYRUM  
CHRIS WARD                MARY WATERS

September 2006

TO: Members of the Michigan House of Representatives

This **FY 2006-07 Appropriations Summary and Analysis** summarizes the enacted FY 2006-07 appropriations. A *Glossary*, following the table of contents, explains terms used throughout this report to describe the budget for the State of Michigan. The *Director's Overview* provides information on resources used in the enacted FY 2006-07 budget, including tobacco settlement funds; summary tables of appropriated funds and sources are also included. *Budget Detail* pages note major budget and boilerplate changes for each department/agency. The last section provides an overview of *Consensus Revenue*.

Please note that FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

When analyzing the budget, it is important to note the following:

**Adjusted Gross** is the amount to use when measuring the effect of state spending on the state's economy.

**General Fund/General Purpose (GF/GP)** is the amount to use when measuring state resources available for legislative allocation to various state programs.

**State Spending From State Sources** is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

Information in the *Budget Detail* section was provided by HFA Analysts; report production was coordinated by Jeanne Dee, Administrative Assistant. House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need further information.

A handwritten signature in black ink that reads "Mitchell E. Bean".

Mitchell E. Bean, Director



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# GLOSSARY

## STATE BUDGET TERMS

**Gross Appropriations (Gross):** The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

**Adjusted Gross Appropriations (Adjusted Gross):** The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

**Lapses:** Appropriation amounts that are unspent/unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

**Work Project:** A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years—i.e., allows funds to be spent over a period of years.

## APPROPRIATION BILL TERMS

**Line/Line Item:** Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes).

**Boilerplate:** Specific language sections in an appropriation bill which direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

## REVENUE SOURCES

**General Fund/General Purpose (GF/GP):** Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

**State Restricted (Restricted):** State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

**Federal Revenue:** Federal grant or matchable revenue dedicated to specific programs.

**Local Revenue:** Revenue from local units of government.

**Private Revenue:** Revenue from non-government entities, such as rents, royalties or interest payments, payments from hospitals or individuals, and gifts and bequests.

**Interdepartmental Grant (IDG):** Revenue or funds received by one state department from another state department (usually for a service provided by the receiving department).

**Intradepartmental Transfer (IDT):** Transfers or funds being provided from one appropriation unit to another in the same department.

## MAJOR STATE FUNDS

**Budget Stabilization Fund (BSF):** The countercyclical economic and budget stabilization fund; also known as the “rainy day” fund.

**School Aid Fund (SAF):** A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts (ISDs).

**General Fund:** The General Fund (funded from taxes and other general revenue) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

# **FY 2006-07 Budget Detail**

## **DIRECTOR'S OVERVIEW**

**Overview  
Resources Used in Enacted Budget  
Tobacco Settlement Funds  
Summary Tables**

## **OVERVIEW**

# **FY 2006-07 DIRECTOR'S OVERVIEW Summary and Analysis**

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The enacted budget for Fiscal Year (FY) 2006-07 year-to-date (YTD) includes \$41.7 billion in adjusted gross appropriations from the following sources:

- \$18.8 billion from state restricted funds
- \$13.2 billion from federal funds
- \$9.2 billion from General Fund/General Purpose (GF/GP) revenue
- \$468.0 million from local and private sources

This represents an increase from FY 2005-06 YTD appropriations of 1.0% adjusted gross and 1.8% GF/GP.

### ***Consensus Revenue Estimates***

The FY 2006-07 GF/GP budget is based on consensus revenue estimates agreed to at the May 17, 2006, Consensus Revenue Estimating Conference. The FY 2006-07 estimates show a \$153.7 million (1.9%) increase in GF/GP revenue from FY 2005-06, and a \$374.6 million (3.0%) increase in School Aid Fund (SAF) revenue (including federal funds and beginning balance) from FY 2005-06.

### ***Additional Funding***

In addition to consensus revenue forecasts, funding for FY 2006-07 GF/GP expenditures includes the following:

- \$109.7 million in beginning balances
- \$585.0 million of additional revenue available due to a freeze in local revenue sharing payments at FY 2005-06 levels
- \$28.0 million from land sales
- \$13.8 million from transfers of restricted fund balances to GF/GP
- \$51.3 million in other revenue adjustments

In addition to consensus revenue forecasts, funding for FY 2006-07 School Aid Fund expenditures includes the following:

- \$95.2 million from beginning fund balances
- \$1,411.2 million in federal funds
- \$35.0 million transfer from GF/GP

Please note that FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

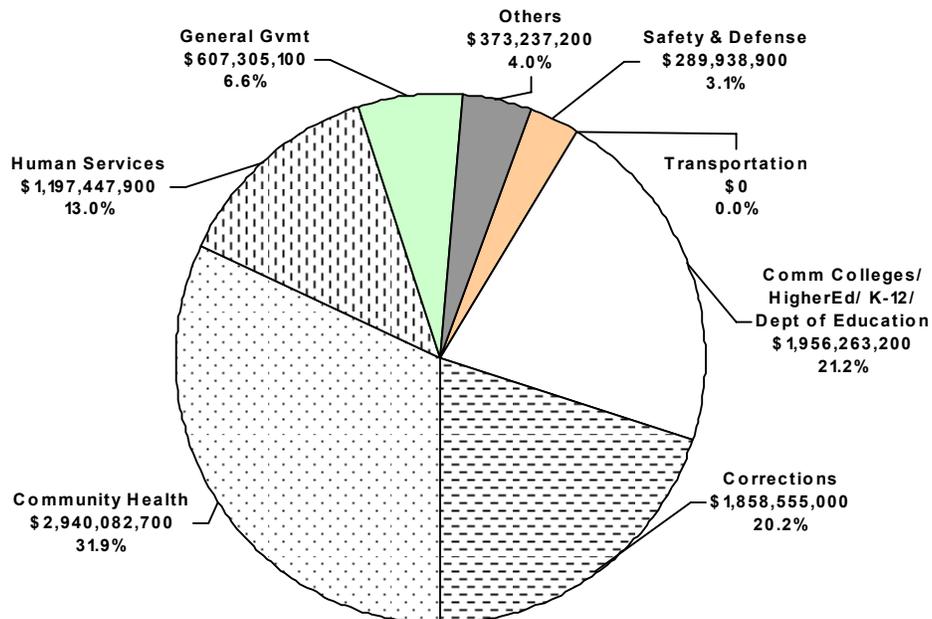
This **Overview** includes the following:

- A review of resources used in the enacted FY 2006-07 YTD budget and appropriations to be made from tobacco settlement funds
- Graphs of FY 2006-07 GF/GP and adjusted gross budget distributions
- A summary of the overall content of the budget and Tables 1 through 5, which provide budget data

**Individual sections** follow the overview and explain appropriations by department or major budget area. Each section includes a comparison of FY 2005-06 YTD appropriations with the FY 2006-07 budget, a budget overview, and an analysis and discussion of major budget and boilerplate issues.

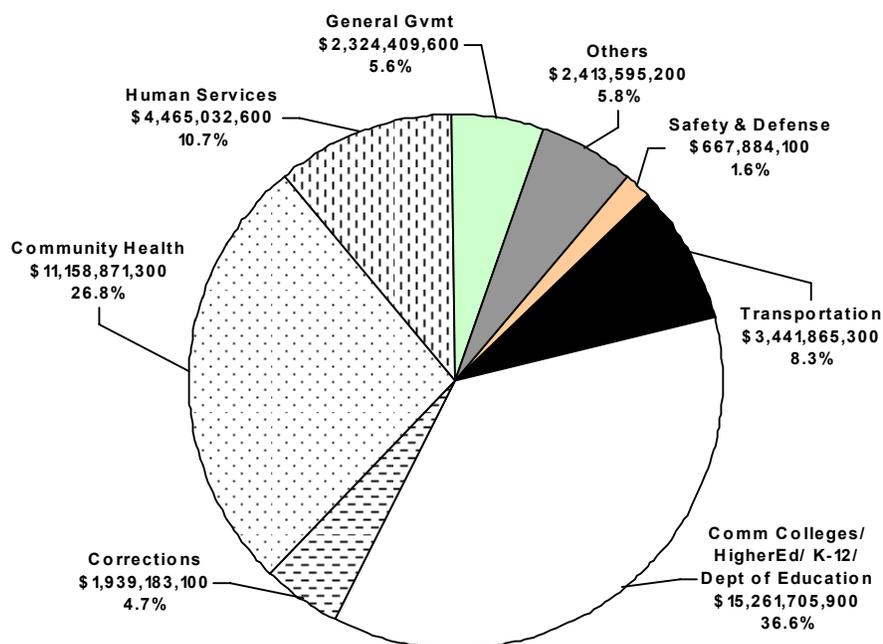
**FY 2006-07 YTD General Fund/General Purpose Appropriations**

**Total: \$9,222,830,000\***



**FY 2006-07 YTD Adjusted Gross Appropriations**

**Total: \$41,672,547,100\***



\*FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**OVERVIEW**

**RESOURCES USED IN FY 2006-07 YEAR-TO-DATE BUDGET**

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Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund expenditures in the FY 2006-07 YTD budget are reported below.

Please note that FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**FY 2006-07 GENERAL FUND/GENERAL PURPOSE**  
(Millions of Dollars)

Beginning fund balance	\$109.7
May 2006 consensus revenue estimate	8,435.4
Adjustments:	
Revenue sharing adjustment (May 2006)	585.0
Non-use of SBT pharmaceutical credit	10.0
Interest earnings from securitization	15.0
Land sales	28.0
Financial Institutions Fund transfer to GF/GP	2.8
Shift borrowing costs to SAF	22.8
Liquor Purchase Revolving Fund transfer to GF/GP	4.0
Consumer finance fees transfer to GF/GP	7.0
Liquor licenses/penalties	3.5
<b>Total Resources</b>	<b>\$9,223.2</b>

**FY 2006-07 SCHOOL AID FUND**  
(Millions of Dollars)

Beginning balance	\$95.2
May 2006 consensus revenue estimate	11,552.4
Adjustments:	
General fund subsidy	35.0
Federal revenue	1,411.2
<b>Total Resources</b>	<b>\$13,093.8</b>

**FY 2006-07 MEDICAID BENEFITS TRUST FUND**  
(Millions of Dollars)

Estimated beginning balance	\$36.4
Estimated interest	4.1
Estimated deposit:	
Revenue from cigarette tax	354.7
Revenue from other tobacco products tax	33.3
Subtotal: Available funds	428.5
Withdrawal in FY 2006-07	(428.5)
<b>FY 2006-07 Total Ending Balance</b>	<b>\$0.0</b>

**FY 2006-07 ESTIMATES  
TOBACCO SETTLEMENT REVENUE/EXPENDITURES  
(Millions of Dollars)**

<b><u>Merit Award Trust Fund Revenue</u></b>	
Tobacco settlement revenue	\$289.4
Reserved fund balance from prior year	34.4
Interest	<u>3.4</u>
<b>Revenue Subtotal</b>	<b>\$327.4</b>
Community Health: Medicaid base	(\$165.8)
Community Health: Nursing home personal needs allowance	(\$5.0)
Community Health: Aging – respite care	(\$5.0)
Education: MEAP administration/testing	\$0.0
Higher Education: University operations	(\$9.5)
Higher Education: Merit award	(\$127.7)
Higher Education: Tuition incentive program	(\$6.4)
Higher Education: Nursing scholarships	(\$4.3)
Attorney general administration	(\$0.4)
Treasury: Merit award/TIP administration	(\$3.4)
Treasury: Michigan education savings plan	<u>(\$1.0)</u>
<b>Expense Subtotal</b>	<b>(\$327.4)</b>
<b>Merit Award Trust Fund Balance</b>	<b>\$0.0</b>

**Table 1** (page 6) details the FY 2006-07 year-to-date budget by **Source of Funds**. When interdepartmental grants and intradepartmental transfers are deducted, gross appropriations of \$42.4 billion reduce to \$41.7 billion in adjusted gross appropriations. Please note that FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**Tables 2** (page 7) and **3** (page 8) compare FY 2005-06 YTD appropriations to FY 2006-07 YTD appropriations.

**Adjusted Gross Appropriations** increase from \$41.3 billion in FY 2005-06 to \$41.7 billion in FY 2006-07, an increase of \$394.9 million or 1.0%.

**GF/GP Appropriations** increase from \$9.1 billion in FY 2005-06 to \$9.2 billion in FY 2006-07, an increase of \$166.3 million or 1.8%.

**Table 4** (page 9) compares the number of **Full-Time Equated (FTE) Positions** (classified and unclassified) for FY 2005-06 YTD to FY 2006-07 YTD. An increase of 472.9 FTEs or 0.8% in total FTEs is shown in Table 4—from 56,420.9 in FY 2005-06 to 56,893.8 in FY 2006-07. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

**Table 5** (page 10) shows FY 2006-07 YTD **State Spending From State Sources Paid to Local Governments** and compares enacted payments to local units of government to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2006-07 YTD budget provides for \$16.2 billion in state spending to local units of government, 57.7% of the estimated \$28.0 billion in state spending from state resources—well within the constitutional requirement.

**OVERVIEW**

**TABLE 1  
FY 2006-07 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Community Colleges	289,879,400	0	289,879,400	0	0	0	0	289,879,400
Education	90,590,100	0	90,590,100	67,570,600	5,985,600	2,914,400	7,527,000	6,592,500
Higher Education	1,787,491,300	0	1,787,491,300	3,000,000	0	0	159,700,000	1,624,791,300
School Aid	13,093,745,100	0	13,093,745,100	1,411,236,900	0	0	11,647,508,200	35,000,000
<b>EDUCATION</b>	<b>\$15,261,705,900</b>	<b>\$0</b>	<b>\$15,261,705,900</b>	<b>\$1,481,807,500</b>	<b>\$5,985,600</b>	<b>\$2,914,400</b>	<b>\$11,814,735,200</b>	<b>\$1,956,263,200</b>
Attorney General	68,532,300	13,914,300	54,618,000	10,236,500	0	0	11,485,500	32,896,000
Civil Rights	14,020,200	0	14,020,200	1,566,200	0	0	0	12,454,000
Civil Service	36,547,100	5,788,100	30,759,000	4,779,100	1,700,000	150,000	17,157,500	6,972,400
Executive Office	5,509,900	0	5,509,900	0	0	0	0	5,509,900
Information Technology	378,222,000	378,222,000	0	0	0	0	0	0
Legislative Auditor General	16,347,500	1,801,500	14,546,000	0	0	0	1,539,900	13,006,100
Legislature	116,576,400	0	116,576,400	0	0	400,000	1,109,800	115,066,600
Management and Budget	476,142,000	155,293,500	320,848,500	0	0	0	52,438,900	268,409,600
State	204,793,500	20,000,000	184,793,500	3,052,100	0	100	162,608,600	19,132,700
Treasury: Operations	388,913,700	13,848,200	375,065,500	35,906,300	1,066,200	0	281,583,300	56,509,700
Treasury: Debt/Revenue Sharing	1,207,672,600	0	1,207,672,600	0	0	0	1,130,324,500	77,348,100
Treasury: Michigan Strategic Fund	0	0	0	0	0	0	0	0
<b>GENERAL GOVERNMENT</b>	<b>\$2,913,277,200</b>	<b>\$588,867,600</b>	<b>\$2,324,409,600</b>	<b>\$55,540,200</b>	<b>\$2,766,200</b>	<b>\$550,100</b>	<b>\$1,658,248,000</b>	<b>\$607,305,100</b>
Community Health	11,196,157,400	37,286,100	11,158,871,300	6,042,584,700	241,177,400	63,826,900	1,871,199,600	2,940,082,700
Corrections	1,940,421,500	1,238,400	1,939,183,100	11,431,500	420,900	0	68,775,700	1,858,555,000
Human Services	4,468,135,300	3,102,700	4,465,032,600	3,135,487,200	55,519,400	8,876,100	67,702,000	1,197,447,900
<b>HUMAN SERVICES</b>	<b>\$17,604,714,200</b>	<b>\$41,627,200</b>	<b>\$17,563,087,000</b>	<b>\$9,189,503,400</b>	<b>\$297,117,700</b>	<b>\$72,703,000</b>	<b>\$2,007,677,300</b>	<b>\$5,996,085,600</b>
Labor and Economic Growth	1,231,476,200	23,485,800	1,207,990,400	795,345,800	15,824,300	2,314,300	347,069,300	47,436,700
Michigan Strategic Fund	80,479,800	78,600	80,401,200	47,687,000	0	700,000	5,000	32,009,200
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$1,311,956,000</b>	<b>\$23,564,400</b>	<b>\$1,288,391,600</b>	<b>\$843,032,800</b>	<b>\$15,824,300</b>	<b>\$3,014,300</b>	<b>\$347,074,300</b>	<b>\$79,445,900</b>
Agriculture	113,628,800	10,382,700	103,246,100	23,700,000	0	183,800	48,449,000	30,913,300
Environmental Quality	443,994,500	18,233,600	425,760,900	140,338,500	0	450,000	251,144,000	33,828,400
Natural Resources	288,313,200	3,765,900	284,547,300	42,964,300	0	3,125,100	213,188,300	25,269,600
<b>RESOURCE PROTECTION</b>	<b>\$845,936,500</b>	<b>\$32,382,200</b>	<b>\$813,554,300</b>	<b>\$207,002,800</b>	<b>\$0</b>	<b>\$3,758,900</b>	<b>\$512,781,300</b>	<b>\$90,011,300</b>
Military and Veterans Affairs	122,902,600	1,664,600	121,238,000	51,450,700	1,253,100	1,441,300	26,452,700	40,640,200
State Police	569,288,500	22,642,400	546,646,100	169,305,000	8,088,900	80,300	119,873,200	249,298,700
<b>SAFETY AND DEFENSE</b>	<b>\$692,191,100</b>	<b>\$24,307,000</b>	<b>\$667,884,100</b>	<b>\$220,755,700</b>	<b>\$9,342,000</b>	<b>\$1,521,600</b>	<b>\$146,325,900</b>	<b>\$289,938,900</b>
Capital Outlay	0	0	0	0	0	0	0	0
History, Arts, and Libraries	54,863,700	79,000	54,784,700	8,450,900	0	577,400	2,581,200	43,175,200
Judiciary	259,428,100	2,563,500	256,864,600	4,626,400	3,612,400	842,500	87,178,500	160,604,800
Transportation	3,441,865,300	0	3,441,865,300	1,169,336,300	47,500,000	0	2,225,029,000	0
<b>ALL OTHERS</b>	<b>\$3,756,157,100</b>	<b>\$2,642,500</b>	<b>\$3,753,514,600</b>	<b>\$1,182,413,600</b>	<b>\$51,112,400</b>	<b>\$1,419,900</b>	<b>\$2,314,788,700</b>	<b>\$203,780,000</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$42,385,938,000</b>	<b>\$713,390,900</b>	<b>\$41,672,547,100</b>	<b>\$13,180,056,000</b>	<b>\$382,148,200</b>	<b>\$85,882,200</b>	<b>\$18,801,630,700</b>	<b>\$9,222,830,000</b>

NOTE: FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**TABLE 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2006-07 Year-To-Date Compared with FY 2005-06 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2005-06 YTD</u>	<u>FY 2006-07 YTD</u>	<u>FY 2006-07 vs. FY 2005-06</u> <u>Difference</u>	
Community Colleges	281,552,400	289,879,400	8,327,000	3.0%
Education	120,957,400	90,590,100	(30,367,300)	-25.1%
Higher Education	1,734,443,900	1,787,491,300	53,047,400	3.1%
School Aid	<u>12,700,614,500</u>	<u>13,093,745,100</u>	<u>393,130,600</u>	3.1%
<b>EDUCATION</b>	<b>\$14,837,568,200</b>	<b>\$15,261,705,900</b>	<b>\$424,137,700</b>	<b>2.9%</b>
Attorney General	52,339,700	54,618,000	2,278,300	4.4%
Civil Rights	13,674,900	14,020,200	345,300	2.5%
Civil Service	30,270,700	30,759,000	488,300	1.6%
Executive Office	5,375,500	5,509,900	134,400	2.5%
Information Technology	0	0	0	
Legislative Auditor General	0	14,546,000	14,546,000	
Legislature	127,638,400	116,576,400	(11,062,000)	-8.7%
Management and Budget	81,094,000	320,848,500	239,754,500	295.7%
State	178,078,400	184,793,500	6,715,100	3.8%
Treasury: Operations	644,268,900	375,065,500	(269,203,400)	-41.8%
Treasury: Debt/Revenue Sharing	1,206,006,500	1,207,672,600	1,666,100	0.1%
Treasury: Michigan Strategic Fund	<u>476,717,700</u>	<u>0</u>	<u>(476,717,700)</u>	
<b>GENERAL GOVERNMENT</b>	<b>\$2,815,464,700</b>	<b>\$2,324,409,600</b>	<b>(\$491,055,100)</b>	<b>-17.4%</b>
Community Health	10,527,543,600	11,158,871,300	631,327,700	6.0%
Corrections	1,869,062,600	1,939,183,100	70,120,500	3.8%
Human Services	<u>4,498,668,400</u>	<u>4,465,032,600</u>	<u>(33,635,800)</u>	-0.7%
<b>HUMAN SERVICES</b>	<b>\$16,895,274,600</b>	<b>\$17,563,087,000</b>	<b>\$667,812,400</b>	<b>4.0%</b>
Labor and Economic Growth	1,237,257,700	1,207,990,400	(29,267,300)	-2.4%
Michigan Strategic Fund	<u>0</u>	<u>80,401,200</u>	<u>80,401,200</u>	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$1,237,257,700</b>	<b>\$1,288,391,600</b>	<b>\$51,133,900</b>	<b>4.1%</b>
Agriculture	110,684,200	103,246,100	(7,438,100)	-6.7%
Environmental Quality	438,692,700	425,760,900	(12,931,800)	-2.9%
Natural Resources	<u>277,299,900</u>	<u>284,547,300</u>	<u>7,247,400</u>	2.6%
<b>RESOURCE PROTECTION</b>	<b>\$826,676,800</b>	<b>\$813,554,300</b>	<b>(\$13,122,500)</b>	<b>-1.6%</b>
Military and Veterans Affairs	120,278,800	121,238,000	959,200	0.8%
State Police	<u>538,138,900</u>	<u>546,646,100</u>	<u>8,507,200</u>	1.6%
<b>SAFETY AND DEFENSE</b>	<b>\$658,417,700</b>	<b>\$667,884,100</b>	<b>\$9,466,400</b>	<b>1.4%</b>
Capital Outlay	275,933,400	0	(275,933,400)	
History, Arts, and Libraries	53,201,200	54,784,700	1,583,500	3.0%
Judiciary	252,968,400	256,864,600	3,896,200	1.5%
Transportation	<u>3,424,910,200</u>	<u>3,441,865,300</u>	<u>16,955,100</u>	0.5%
<b>ALL OTHERS</b>	<b>\$4,007,013,200</b>	<b>\$3,753,514,600</b>	<b>(\$253,498,600)</b>	<b>-6.3%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$41,277,672,900</b>	<b>\$41,672,547,100</b>	<b>\$394,874,200</b>	<b>1.0%</b>

NOTE: FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**FY 2006-07 APPROPRIATIONS SUMMARY AND ANALYSIS**

**OVERVIEW**

**TABLE 3**  
**GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS**  
**FY 2006-07 Year-To-Date Compared with FY 2005-06 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2005-06 YTD</u>	<u>FY 2006-07 YTD</u>	<u>FY 2006-07 vs. FY 2005-06 Difference</u>	
Community Colleges	281,552,400	289,879,400	8,327,000	3.0%
Education	16,100,400	6,592,500	(9,507,900)	-59.1%
Higher Education	1,577,443,900	1,624,791,300	47,347,400	3.0%
School Aid	<u>62,714,000</u>	<u>35,000,000</u>	<u>(27,714,000)</u>	-44.2%
<b>EDUCATION</b>	<b>\$1,937,810,700</b>	<b>\$1,956,263,200</b>	<b>\$18,452,500</b>	<b>1.0%</b>
Attorney General	31,501,200	32,896,000	1,394,800	4.4%
Civil Rights	12,108,700	12,454,000	345,300	2.9%
Civil Service	7,102,400	6,972,400	(130,000)	-1.8%
Executive Office	5,375,500	5,509,900	134,400	2.5%
Information Technology	0	0	0	
Legislative Auditor General	0	13,006,100	13,006,100	
Legislature	124,881,900	115,066,600	(9,815,300)	-7.9%
Management and Budget	35,217,900	268,409,600	233,191,700	662.1%
State	19,997,800	19,132,700	(865,100)	-4.3%
Treasury: Operations	298,036,500	56,509,700	(241,526,800)	-81.0%
Treasury: Debt/Revenue Sharing	53,992,000	77,348,100	23,356,100	43.3%
Treasury: Michigan Strategic Fund	<u>33,990,900</u>	<u>0</u>	<u>(33,990,900)</u>	
<b>GENERAL GOVERNMENT</b>	<b>\$622,204,800</b>	<b>\$607,305,100</b>	<b>(\$14,899,700)</b>	<b>-2.4%</b>
Community Health	2,976,928,900	2,940,082,700	(36,846,200)	-1.2%
Corrections	1,790,650,700	1,858,555,000	67,904,300	3.8%
Human Services	<u>1,127,678,400</u>	<u>1,197,447,900</u>	<u>69,769,500</u>	6.2%
<b>HUMAN SERVICES</b>	<b>\$5,895,258,000</b>	<b>\$5,996,085,600</b>	<b>\$100,827,600</b>	<b>1.7%</b>
Labor and Economic Growth	39,063,400	47,436,700	8,373,300	21.4%
Michigan Strategic Fund	<u>0</u>	<u>32,009,200</u>	<u>32,009,200</u>	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$39,063,400</b>	<b>\$79,445,900</b>	<b>\$40,382,500</b>	<b>103.4%</b>
Agriculture	28,887,700	30,913,300	2,025,600	7.0%
Environmental Quality	31,809,600	33,828,400	2,018,800	6.3%
Natural Resources	<u>25,943,200</u>	<u>25,269,600</u>	<u>(673,600)</u>	-2.6%
<b>RESOURCE PROTECTION</b>	<b>\$86,640,500</b>	<b>\$90,011,300</b>	<b>\$3,370,800</b>	<b>3.9%</b>
Military and Veterans Affairs	39,689,100	40,640,200	951,100	2.4%
State Police	<u>231,761,600</u>	<u>249,298,700</u>	<u>17,537,100</u>	7.6%
<b>SAFETY AND DEFENSE</b>	<b>\$271,450,700</b>	<b>\$289,938,900</b>	<b>\$18,488,200</b>	<b>6.8%</b>
Capital Outlay	4,702,700	0	(4,702,700)	
History, Arts, and Libraries	41,821,900	43,175,200	1,353,300	3.2%
Judiciary	157,614,500	160,604,800	2,990,300	1.9%
Transportation	<u>0</u>	<u>0</u>	<u>0</u>	
<b>ALL OTHERS</b>	<b>\$204,139,100</b>	<b>\$203,780,000</b>	<b>(\$359,100)</b>	<b>-0.2%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$9,056,567,200</b>	<b>\$9,222,830,000</b>	<b>\$166,262,800</b>	<b>1.8%</b>

NOTE: FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**TABLE 4**  
**FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2006-07 Year-To-Date Compared with FY 2005-06 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2005-06 YTD</u>	<u>FY 2006-07 YTD</u>	<u>FY 2006-07 vs. FY 2005-06 Difference</u>	
Community Colleges	0.0	0.0	0.0	
Education	423.5	435.5	12.0	2.8%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
<b>EDUCATION</b>	<b>424.5</b>	<b>436.5</b>	<b>12.0</b>	<b>2.8%</b>
Attorney General	566.0	565.0	(1.0)	-0.2%
Civil Rights	141.0	141.0	0.0	0.0%
Civil Service	240.5	240.5	0.0	0.0%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,766.4	1,782.4	16.0	0.9%
Legislative Auditor General	0	0.0	0.0	
Legislature	0.0	0.0	0.0	
Management and Budget	751.0	759.0	8.0	1.1%
State	1,859.8	1,859.8	0.0	0.0%
Treasury: Operations	1,715.5	1,706.5	(9.0)	-0.5%
Treasury: Debt/Revenue Sharing	0.0	0.0	0.0	
Treasury: Michigan Strategic Fund	<u>0</u>	<u>0.0</u>	<u>0.0</u>	
<b>GENERAL GOVERNMENT</b>	<b>7,124.4</b>	<b>7,138.4</b>	<b>14.0</b>	<b>0.2%</b>
Community Health	4,679.6	4,664.1	(15.5)	-0.3%
Corrections	17,525.2	17,798.0	272.8	1.6%
Human Services	<u>10,384.2</u>	<u>10,343.4</u>	<u>(40.8)</u>	<u>-0.4%</u>
<b>HUMAN SERVICES</b>	<b>32,589.0</b>	<b>32,805.5</b>	<b>216.5</b>	<b>0.7%</b>
Labor and Economic Growth	4,226.0	4,297.0	71.0	1.7%
Michigan Strategic Fund	<u>0</u>	<u>152.0</u>	<u>152.0</u>	
<b>LABOR AND ECONOMIC GROWTH</b>	<b>4,226.0</b>	<b>4,449.0</b>	<b>223.0</b>	<b>5.3%</b>
Agriculture	697.0	696.0	(1.0)	-0.1%
Environmental Quality	1,573.2	1,567.7	(5.5)	-0.3%
Natural Resources	<u>2,079.5</u>	<u>2,092.4</u>	<u>12.9</u>	<u>0.6%</u>
<b>RESOURCE PROTECTION</b>	<b>4,349.7</b>	<b>4,356.1</b>	<b>6.4</b>	<b>0.1%</b>
Military and Veterans Affairs	1,023.0	1,022.0	(1.0)	-0.1%
State Police	<u>2,900.0</u>	<u>2,903.0</u>	<u>3.0</u>	<u>0.1%</u>
<b>SAFETY AND DEFENSE</b>	<b>3,923.0</b>	<b>3,925.0</b>	<b>2.0</b>	<b>0.1%</b>
Capital Outlay	0.0	0.0	0.0	
History, Arts, and Libraries	238.0	238.0	0.0	0.0%
Judiciary	509.0	509.0	0.0	0.0%
Transportation	<u>3,037.3</u>	<u>3,036.3</u>	<u>(1.0)</u>	<u>0.0%</u>
<b>ALL OTHERS</b>	<b>3,784.3</b>	<b>3,783.3</b>	<b>(1.0)</b>	<b>0.0%</b>
<b>TOTAL FTE POSITIONS</b>	<b>56,420.9</b>	<b>56,893.8</b>	<b>472.9</b>	<b>0.8%</b>

\*Includes classified, unclassified, and nonlegislative exempt positions

NOTE: FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**OVERVIEW**

**TABLE 5  
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS  
FY 2006-07 Year-To-Date**

<u>Department/Budget Area</u>	<u>Spending From State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending From State Sources as Payment to Locals</u>
Community Colleges	289,879,400	289,879,400	100.0%
Education	14,119,500	0	0.0%
Higher Education	1,784,491,300	3,759,100	0.2%
School Aid	<u>11,682,508,200</u>	<u>11,536,597,200</u>	98.8%
<b>EDUCATION</b>	<b>\$13,770,998,400</b>	<b>\$11,830,235,700</b>	<b>85.9%</b>
Attorney General	44,381,500	0	0.0%
Civil Rights	12,454,000	0	0.0%
Civil Service	24,129,900	0	0.0%
Executive Office	5,509,900	0	0.0%
Information Technology	0	0	
Auditor General	14,546,000	0	0.0%
Legislature	116,176,400	0	0.0%
Management and Budget	320,848,500	0	0.0%
State	181,741,300	1,469,800	0.8%
Treasury: Operations	338,093,000	139,406,500	41.2%
Treasury: Debt/Revenue Sharing	1,207,672,600	1,107,514,400	91.7%
Treasury: Michigan Strategic Fund	<u>0</u>	<u>0</u>	
<b>GENERAL GOVERNMENT</b>	<b>\$2,265,553,100</b>	<b>\$1,248,390,700</b>	<b>55.1%</b>
Community Health	4,811,282,300	1,317,715,000	27.4%
Corrections	1,927,330,700	90,341,500	4.7%
Human Services	<u>1,265,149,900</u>	<u>113,717,400</u>	9.0%
<b>HUMAN SERVICES</b>	<b>\$8,003,762,900</b>	<b>\$1,521,773,900</b>	<b>19.0%</b>
Labor and Economic Growth	394,506,000	51,370,500	13.0%
Michigan Strategic Fund	<u>32,014,200</u>	<u>9,798,000</u>	30.6%
<b>LABOR AND ECONOMIC GROWTH</b>	<b>\$426,520,200</b>	<b>\$61,168,500</b>	<b>14.3%</b>
Agriculture	79,362,300	3,216,800	4.1%
Environmental Quality	284,972,400	5,958,700	2.1%
Natural Resources	<u>238,457,900</u>	<u>29,182,500</u>	12.2%
<b>RESOURCE PROTECTION</b>	<b>\$602,792,600</b>	<b>\$38,358,000</b>	<b>6.4%</b>
Military and Veterans Affairs	67,092,900	120,000	0.2%
State Police	<u>369,171,900</u>	<u>19,899,200</u>	5.4%
<b>SAFETY AND DEFENSE</b>	<b>\$436,264,800</b>	<b>\$20,019,200</b>	<b>4.6%</b>
Capital Outlay	0	0	
History, Arts, and Libraries	45,756,400	14,058,900	30.7%
Judiciary	247,783,300	124,419,000	50.2%
Transportation	<u>2,225,029,000</u>	<u>1,304,085,600</u>	58.6%
<b>ALL OTHER</b>	<b>\$2,518,568,700</b>	<b>\$1,442,563,500</b>	<b>57.3%</b>
<b>TOTALS</b>	<b>\$28,024,460,700</b>	<b>\$16,162,509,500</b>	<b>57.7%</b>

NOTE: FY 2006-07 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**FY 2006-07  
Budget Detail  
for  
EDUCATION**

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**Community Colleges  
Department of Education  
Higher Education  
School Aid**

**COMMUNITY COLLEGES  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1082; Public Act 341 of 2006**

**Analyst: Viola Bay Wild**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	43,900,000	0	0	0	0.0
GF/GP	281,552,400	287,129,400	243,229,400	288,780,700	289,879,400	8,327,000	3.0
<b>Gross</b>	<b>\$281,552,400</b>	<b>\$287,129,400</b>	<b>\$287,129,400</b>	<b>\$288,780,700</b>	<b>\$289,879,400</b>	<b>\$8,327,000</b>	<b>3.0</b>
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2005-06 figures include results of supplementals and Executive Order (EO) actions through July 30, 2006; House numbers are from HB 5796.

**Overview**

The Community Colleges budget includes funds for the operations of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Community colleges also receive operating revenue from local property tax revenue and student tuition and fees.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Operations Funding</b>	<b>Gross</b>	<b>\$275,329,700</b>	<b>\$8,027,000</b>
Includes \$8.0 million additional GF/GP which represents a 2.9% operations increase from FY 2005-06. Increases Bay de Noc Community College appropriation by \$200,000; remaining operations increase of \$7.8 million is distributed using Performance Indicator Task Force formula.	Restricted	0	0
	GF/GP	\$275,329,700	\$8,027,000
<b>2. Renaissance Zone Tax Reimbursement</b>	<b>Gross</b>	<b>\$2,900,000</b>	<b>\$300,000</b>
Increases funds for statutorily-required reimbursement to colleges with renaissance zones in their districts by 10.3% to reflect expected increases in taxable value in those zones.	GF/GP	\$2,900,000	\$300,000

**Major Boilerplate Changes From FY 2005-06**

**Sec. 208. Entrepreneurship Curriculum – REVISED**

Directs Department of Labor and Economic Growth to work with community colleges to develop an accelerated entrepreneurship curriculum, including an associate degree; requires an annual report by February 1.

**Sec. 236. Nursing Program Expansion Workgroup – NEW**

Creates workgroup to evaluate and make recommendations concerning expanding nursing programs at community colleges; requires report on findings and recommendations March 1; states legislative intent to fund approved workgroup recommendations.

**Sec. 237. Payments in Lieu of Taxes Workgroup – DELETED**

States legislative intent that a workgroup be formed to evaluate the possibility of making payments in lieu of taxes to colleges whose districts contain government-owned land.

**Major Boilerplate Changes From FY 2005-06**

***Sec. 238. Optional Retirement Plan – DELETED***

States legislative intent that a workgroup be formed to evaluate the impact of expanding eligibility for the Optional Retirement Plan to include part-time faculty; requires report.

***Sec. 242. Payment in Lieu of Taxes – NEW***

States legislative intent that discussion regarding payments in lieu of taxes concerning community colleges be continued.

***Sec. 304. Gast-Mathieu Formula/Performance Indicator Task Force – REVISED***

Recommends that Gast-Mathieu data continue to be collected and the funding formula developed by Performance Indicators Task Force be used for future funding distribution. States legislative intent that performance measures recommended in Task Force Report be reviewed and more fully implemented in the future.

**DEPARTMENT OF EDUCATION  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1085; Public Act 332 of 2006**

**Analysts: Mary Ann Cleary, Bethany Wicksall**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
<b>Federal</b>	70,519,400	67,570,600	67,570,600	67,570,600	67,570,600	(2,948,800)	(4.2)
<b>Local</b>	5,444,000	5,985,600	5,985,600	5,985,600	5,985,600	541,600	9.9
<b>Private</b>	1,898,600	2,914,400	2,914,400	2,914,400	2,914,400	1,015,800	53.5
<b>Restricted</b>	23,513,200	7,227,000	7,388,900	7,327,000	7,527,000	(15,986,200)	(68.0)
<b>GF/GP</b>	16,100,400	6,667,500	6,580,700	8,667,500	6,592,500	(9,507,900)	(59.1)
<b>Gross</b>	<b>\$117,475,600</b>	<b>\$90,365,100</b>	<b>\$90,440,200</b>	<b>\$92,465,100</b>	<b>\$90,590,100</b>	<b>(\$26,885,500)</b>	<b>(22.9)</b>
<b>FTEs</b>	423.5	435.5	435.5	434.5	435.5	12.0	2.8

Note: FY 2005-06 figures include results of supplementals and Executive Order (EO) actions through July 30, 2006; House numbers are from HB 5796.

**Overview**

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Department of Education (DOE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations, and providing technical assistance to school districts.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. MEAP Testing Contract</b>	<b>Gross</b>	<b>\$24,784,500</b>	<b>(\$24,784,500)</b>
Transfers MEAP contract for student testing to the School Aid Fund in the School Aid Act.	Federal	8,425,200	(8,425,200)
	Restricted	16,359,300	(16,359,300)
<b>2. School Breakfast Program</b>	<b>Gross</b>	<b>\$9,625,000</b>	<b>(\$9,625,000)</b>
Transfers School Breakfast Program and related boilerplate to the School Aid Act.	GF/GP	\$9,625,000	(\$9,625,000)
<b>3. Federal and Private Grants</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
Authorizes additional expenditure of up to \$2.0 million federal funds and up to \$1.0 million private funds if Department receives new grants mid-year.	Federal	2,000,000	2,000,000
	Private	1,000,000	1,000,000
<b>4. Additional Federal Revenue</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,362,400</b>
Recognizes increase in available federal funds for 21 <sup>st</sup> Century grants (\$66,300), pre-school programs (\$201,700), reading first grants for educator on loan program (\$400,000), and educational assessment and accountability (\$1,694,400).	Federal	N/A	2,362,400
<b>5. Michigan School for the Deaf and Blind</b>	FTEs	95.0	8.0
Adds 8.0 FTEs to the school for anticipated increase in enrollment of over 20%.	<b>Gross</b>	<b>\$10,641,600</b>	<b>\$560,000</b>
	Federal	5,120,800	154,700
	Local	5,291,400	405,300
	Private	14,800	0
	Restricted	214,600	0

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>6. National Best Practices Study</b>	<b>Gross</b>	<b>\$350,000</b>	<b>(\$175,000)</b>
Reduces appropriation for the study to \$175,000.	GF/GP	\$350,000	(\$175,000)
<b>7. CMU and WSU Teaching Certification Programs</b>	<b>Gross</b>	<b>\$75,000</b>	<b>\$125,000</b>
Increases funds for Central Michigan University (CMU) alternative route to certification program by \$25,000; adds \$100,000 for Wayne State University (WSU) pathways to teaching program.	Restricted	75,000	125,000
	GF/GP	\$0	\$0
<b>8. Subject Area Content Expectations and Guidelines</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
Provides \$100,000 for development, approval, and implementation of new subject area content expectations and guidelines.	GF/GP	\$0	\$100,000
<b>9. Middle School Math Project</b>	<b>Gross</b>	<b>\$100,000</b>	<b>(\$100,000)</b>
Eliminates funds and related boilerplate providing two \$50,000 grants for professional development or enhanced curricula in middle school mathematics.	Restricted	100,000	(100,000)
	GF/GP	\$0	\$0
<b>10. National Board Certification</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
Funds grants to pay half of application fees for teachers who apply for national board certification.	Restricted	0	100,000
	GF/GP	\$0	\$0
<b>11. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,287,500</b>
Provides for economic increases in salaries and wages, insurances, retirement, and worker's compensation; recognizes savings in building occupancy costs.	Federal	N/A	943,000
	Local	N/A	111,300
	Private	N/A	15,800
	Restricted	N/A	70,100
	GF/GP	N/A	\$147,300

**Major Boilerplate Changes From FY 2005-06**

**Sec. 218. Automated External Defibrillators (AEDs) – NEW**

Encourages Department to promote benefits of AEDs and work with districts who receive grants for AED purchases to secure a bulk-purchase discount.

**Sec. 220. Timely Data – NEW**

Requires Department to provide data requested by Legislature, staff, and fiscal agencies in a timely manner.

**Sec. 503. Teacher Preparation Programs – REVISED**

Provides \$100,000 for CMU alternative route to certification program and WSU pathways to teaching program.

**Sec. 504. National Board Certification – NEW**

Provides up to one-half of application fee for teachers who apply for National Board Certification.

**Sec. 901. Federal and Private Grants – NEW**

Requires Department to notify House and Senate Appropriations Subcommittee Chairs within ten days of receipt of a grant appropriated in the new federal and private grants line item.

**HIGHER EDUCATION  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1088; Public Act 340 of 2006**

Analyst: Kyle I. Jen

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	3,500,000	3,000,000	3,000,000	3,000,000	3,000,000	(500,000)	(14.3)
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	153,500,000	153,800,000	157,050,000	148,800,000	159,700,000	6,200,000	4.0
GF/GP	1,577,443,900	1,585,040,700	1,617,836,800	1,629,150,700	1,624,791,300	47,347,400	3.0
<b>Gross</b>	<b>\$1,734,443,900</b>	<b>\$1,741,840,700</b>	<b>\$1,777,886,800</b>	<b>\$1,780,950,700</b>	<b>\$1,787,491,300</b>	<b>\$53,047,400</b>	<b>3.1</b>
FTEs	1.0	1.0	1.0	1.0	1.0	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 31, 2006; House numbers are from Article 8 of House-passed version of House Bill 5796.

**Overview**

Funding appropriated in the Higher Education budget falls into three major categories: (1) operations funding for the state's 15 public universities, (2) need- and merit-based financial aid for students attending both public and independent colleges and universities in the state, and (3) several other higher education-related programs, including Michigan State University's Agricultural Experiment Station and Cooperative Extension Service.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

**1. State University Operations Funding**

Provides overall \$43.3 million (3.0%) increase for state university operations based on four sets of funding adjustments:

- \$32.6 million for adjustments based on funding model with enrollment/degree/research-based components; 2.9% limit on increases; no reductions
  - \$2.5 million for increases to establish floor of \$3,775 per fiscal year equated student (FYES); increase for Grand Valley capped at \$1.9 million
  - \$4.8 million to provide \$450 per Pell Grant received by students at universities not receiving an increase under funding model or per-FYES floor
  - \$3.3 million for other adjustments to line items of six universities
- Increases for individual universities range from 2.5% to 6.0%.

	FY 2005-06 YTD	Enacted Change From YTD
<b>Gross</b>	<b>\$1,419,831,900</b>	<b>\$43,262,000</b>
Restricted	9,500,000	0
GF/GP	\$1,410,331,900	\$43,262,000

**2. Agricultural Experiment Station/Cooperative Extension**

Increases lines for agricultural experiment station and cooperative extension by 2.0%.

<b>Gross</b>	<b>\$61,768,100</b>	<b>\$1,235,400</b>
GF/GP	\$61,768,100	\$1,235,400

**3. Tuition Grant Program**

Maintains current total funding for Tuition Grant program; includes \$2.9 million in FY 2005-06 carry-forward revenue.

<b>Gross</b>	<b>\$58,768,100</b>	<b>\$0</b>
Restricted	4,000,000	(1,100,000)
GF/GP	\$54,768,100	\$1,100,000

**4. State Competitive Scholarships**

Removes \$500,000 in federal funds no longer available for State Competitive Scholarship program; retains \$3.0 million from Michigan Higher Education Assistance Authority operating fund.

<b>Gross</b>	<b>\$34,630,500</b>	<b>(\$500,000)</b>
Federal	2,000,000	(500,000)
Restricted	3,000,000	0
GF/GP	\$29,630,500	\$0

<u>Major Budget Changes From FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Enacted Change From YTD</u>
<b>5. Nursing Scholarship Program</b>	<b>Gross</b>	<b>\$4,000,000</b>	<b>\$250,000</b>
Increases Nursing Scholarship Program funds by \$250,000 (Merit Award Trust Fund) to fund awards to master's degree students.	Restricted	4,000,000	250,000
<b>6. Michigan Merit Award Program</b>	<b>Gross</b>	<b>\$126,400,000</b>	<b>\$1,300,000</b>
Increases appropriation from Merit Award Trust Fund by 1.0% for projected cost of \$2,500 Merit Awards and middle school exam-based awards (cost estimate for appropriation does not include \$1,000 out-of-state awards).	Restricted	126,400,000	1,300,000
<b>7. Tuition Incentive Program (TIP)</b>	<b>Gross</b>	<b>\$12,000,000</b>	<b>\$2,000,000</b>
Increases TIP appropriation by 16.7% for projected cost increase due to growing number of students certified as eligible due to Medicaid eligibility; offsets \$250,000 in Merit Award Trust Fund revenue with GF/GP to balance Merit funds.	Restricted	6,600,000	(250,000)
	GF/GP	\$5,400,000	\$2,250,000
<b>8. Children of Veterans Tuition Grant Program</b>	<b>Gross</b>	<b>\$500,000</b>	<b>\$500,000</b>
Replaces \$500,000 GF/GP for half-year cost of program shifted from Military and Veterans Affairs budget with \$1.0 million in restricted funds from income tax check-off contributions.	Restricted	0	1,000,000
	GF/GP	\$500,000	(\$500,000)
<b>9. MiLEAD Initiative</b>	<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
Adds \$5.0 million from Civilian Conservation Corps Endowment Fund for cost of proposed Michigan Leadership, Education, and Development (MiLEAD) initiative; grants will be to colleges/universities for residential programs for at-risk youth to earn college credit and perform conservation-based community service.	Restricted	0	5,000,000

**Major Boilerplate Changes From FY 2005-06**

**Sec. 302. Tuition Grants – REVISED**

Moves application deadline from July 15 to July 1; retains requirement that maximum award be no less than \$2,000.

**Sec. 310. Tuition Incentive Program (TIP) – REVISED**

Adds requirement that participants request information on filing Free Application for Federal Student Aid.

**Sec. 312. Nursing Scholarship Program – REVISED**

Adds language including master's degree students as eligible for scholarships, subject to the same statutory requirements as for undergraduate students.

**Sec. 313. MiLEAD Initiative – NEW**

Provides for grants of up to \$1.0 million each to public/private colleges and universities under MiLEAD initiative; specifies that appropriation is a work project.

**Sec. 314. Children of Veterans Tuition Grants Program – NEW**

Requires annual report on number and amount of grant awards under Children of Veterans Tuition Grant Program.

**Sec. 405. HEIDI Advisory Committee – REVISED**

Includes language referencing newly-enacted statutory provisions governing Higher Education Institutional Data Inventory (HEIDI) Advisory Committee.

**Sec. 418. State University Funding Model – REVISED**

Revises provisions describing funding model calculations; weights math degrees and education degrees in math/science/technical/special education areas at higher level; limits funding increases to 2.9% with no funding reductions; adds subsection stating legislative intent to review performance indicators that reflect universities' unique missions.

**Sec. 426. Private Bookstores – REVISED**

Adds statement of intent related to students' use of funds in university-administered accounts at private bookstores.

**HIGHER EDUCATION**

**Major Boilerplate Changes From FY 2005-06**

***Sec. 437. Michigan Public School Employees Retirement System (MPERS) – DELETED***

Deletes language regarding subsidy from MPERS stabilization subaccount due to depletion of subaccount.

***Sec. 450. Per-Student Funding Floor – REVISED***

Increases per-FYES funding floor amount from \$3,650 to \$3,775; Grand Valley continues to be exception due to limited state resources.

***Sec. 462. FY 2004-05 Book Closing Funds – DELETED***

Deletes one-time language regarding FY 2004-05 book closing payments to universities.

***Sec. 701a. New Academic Programs – REVISED***

Updates list of new programs for which state universities may report enrollment data to HEIDI.

***Sec. 711. Education Degrees – NEW***

Requires each state university to report its efforts to increase the number of education degrees conferred for teaching math, science, foreign languages, and other critical shortage disciplines; requires universities to provide list of critical shortage disciplines to education students.

***Sec. 712. Research, Technology Transfer, and High-Tech Graduates – NEW***

Requires each state university to report various data items related to research funding, technology transfer, and advanced degrees in math, science, health care, and engineering.

**SCHOOL AID  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1095; Public Act 342 of 2006**

**Analysts: Mary Ann Cleary, Bethany Wicksall**

IDG/IDT	FY 2005-06 YTD at October 2005	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
<b>Federal</b>	1,392,587,300	1,412,736,900	1,412,736,900	1,412,736,900	1,411,236,900	18,649,600	1.3
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	11,301,850,000	11,671,277,800	11,668,853,800	11,646,116,500	11,647,508,200	345,658,200	3.1
<b>GF/GP</b>	62,714,000	35,000,000	35,000,000	45,000,000	35,000,000	(27,714,000)	(44.2)
<b>Gross</b>	<b>\$12,757,151,300</b>	<b>\$13,119,014,700</b>	<b>\$13,116,590,700</b>	<b>\$13,103,853,400</b>	<b>\$13,093,745,100</b>	<b>\$336,593,800</b>	<b>2.6</b>

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through October 2005; House figures are based on House-passed version of HB 5789.

**Overview**

The School Aid budget makes appropriations to the state's 552 local school districts, 225 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

	FY 2005-06 YTD at October 2005	Enacted Change From YTD
<b>1. Proposal A Obligation Payment</b>	<b>Gross \$6,459,000,000</b>	<b>(\$252,000,000)</b>
Removes \$252 million to reflect taxable value and pupil membership blend changes, and expected savings from enhanced tax audits.	Restricted 6,459,000,000	(252,000,000)
<b>2. Discretionary Payment</b>	<b>Gross \$3,197,736,800</b>	<b>\$387,213,200</b>
Adds \$385.9 million for \$210 per pupil increase in FY 2006-07 foundation allowance; includes foundation adjustments of \$800,000 for Garden City and \$500,000 for Huron Schools.	Restricted 3,197,736,800	387,213,200
<b>3. Cash Flow Borrowing</b>	<b>Gross \$0</b>	<b>\$22,800,000</b>
Shifts \$22.8 million in cash-flow borrowing costs from the General Fund balance sheet to School Aid funds.	Restricted 0	22,800,000
<b>4. Equity Payment</b>	<b>Gross \$0</b>	<b>\$20,000,000</b>
Adds \$20.0 million for an equity payment of \$23 per pupil to districts with a FY 2006-07 foundation allowance below \$7,360.	Restricted 0	20,000,000
<b>5. Declining Enrollment</b>	<b>Gross \$0</b>	<b>\$20,000,000</b>
Allots \$20.0 million for declining enrollment grants to local districts (not charters) with 2 consecutive years of pupil membership decline.	Restricted 0	20,000,000
<b>6. Engineering Michigan's Future</b>	<b>Gross \$3,850,000</b>	<b>\$16,500,000</b>
Provides \$20.0 million for \$54 per pupil (grades 6/7/8) district-level middle school math initiative; removes \$3.9 million for ISD portion.	Restricted 3,850,000	16,500,000
<b>7. MEAP Assessment Testing Costs</b>	<b>Gross N/A</b>	<b>\$27,925,200</b>
Transfers \$27.9 million total from DOE budget for elementary/high school assessments required under state and federal law; state restricted portion was funded with Merit Award Trust funds but is transferred to School Aid funds.	Federal N/A	8,425,200
	Restricted N/A	19,500,000

**SCHOOL AID**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD at October 2005</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>8. School Breakfast Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$9,625,000</b>
Transfers \$9.6 million school breakfast program formerly funded in DOE with GF/GP to School Aid funds.	Restricted	N/A	9,625,000
<b>9. General Fund Programs Transferred</b>	<b>Gross</b>	<b>N/A</b>	<b>\$11,523,200</b>
Transfers programs previously funded in other departments with GF/GP to the School Aid Fund: hearing and vision screening from DCH (\$5.2 million), school bus inspections from DSP (\$1.3 million), juvenile detention facilities from DHS (\$3.0 million), youth challenge program from DMVA (\$1.3 million), and pre-college engineering program from DLEG (\$0.8 million).	Restricted	N/A	11,523,200
<b>10. School Readiness Program – District Grants</b>	<b>Gross</b>	<b>\$72,800,000</b>	<b>\$6,000,000</b>
Adds \$6.0 million, which will increase the number of half-day slots by over 1,800.	Restricted	72,600,000	6,000,000
	GF/GP	\$200,000	\$0
<b>11. Adult Education Funding</b>	<b>Gross</b>	<b>\$21,000,000</b>	<b>\$3,000,000</b>
Adds \$3.0 million split between existing and new programs; \$1.5 million for new programs provides one grant of \$200,000 to expand an existing innovative community college program.	Restricted	21,000,000	3,000,000
<b>12. Intermediate School Districts General Operations</b>	<b>Gross</b>	<b>\$77,702,100</b>	<b>\$2,408,800</b>
Increases general operations funding by 3.1% or \$2.4 million to provide the same percent increase as for the foundation allowance.	Restricted	77,702,100	2,408,800
<b>13. Great Parents, Great Start – ISD grants</b>	<b>Gross</b>	<b>\$3,326,000</b>	<b>\$1,674,000</b>
Adds \$1.7 million to expand the ISD age 0-5 program to \$5.0 million.	Restricted	3,326,000	1,674,000
<b>14. Early Childhood Grants</b>	<b>Gross</b>	<b>\$250,000</b>	<b>\$1,500,000</b>
Adds \$1.5 million to current interagency early childhood grant funds.	GF/GP	\$250,000	\$1,500,000
<b>15. Math and Science Centers</b>	<b>Gross</b>	<b>\$6,956,000</b>	<b>\$1,000,000</b>
Adds \$1.0 million for math and science centers for additional funding to centers able to provide curriculum/professional development support to help districts implement the core curriculum.	Federal	4,456,000	0
	Restricted	2,500,000	1,000,000
<b>16. Michigan Virtual High School (MVHS)</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>
Adds \$500,000 GF/GP to provide online test preparation resources for high-school students, and \$500,000 School Aid funds for career exploration/planning tool to be available to all students at no cost.	Federal	3,250,000	0
	Restricted	0	500,000
	GF/GP	\$1,750,000	\$500,000
<b>17. Detroit Transition Grant</b>	<b>Gross</b>	<b>\$7,000,000</b>	<b>(\$7,000,000)</b>
Eliminates \$7.0 million grant to Detroit Public Schools which was to assist with transition from Reform Board to Elected School Board.	Restricted	7,000,000	(7,000,000)
<b>18. New Programs</b>	<b>Gross</b>	<b>\$0</b>	<b>\$8,400,000</b>
Includes the following new categoricals: health/science middle college program (\$2.0 million), children of incarcerated parents grants (\$1.9 million), ECIC collaborative grants (\$1.0 million), web-based assessments (\$1.0 million), book-a-month program (\$500,000), early intervention program (\$400,000), school building security mapping (\$350,000), positive behavioral support program (\$300,000), international baccalaureate program (\$250,000), conductive learning study (\$250,000), first robotics competition grants (\$150,000), financial emergency district funding (\$125,000), automated external defibrillators (\$100,000), and mercy education project (\$100,000).	Restricted	0	8,400,000

**Major Boilerplate Changes From FY 2005-06**

***Sec. 6(4)(r). Developmental Kindergarten – DELETED***

Provides funds to pay for developmental kindergarten based on costs rather than with a foundation allowance; would have taken effect for FY 2006-07.

***Sec. 6(7). Pupil Membership Count Day – REVISED***

Changes the count day from the fourth Wednesday in September to the fourth Wednesday after Labor Day.

***Sec. 18(2). School Operations Budgets – NEW***

Requires that districts make their board-approved annual operating budgets and revisions available on their websites, or if the district does not have one, on their ISD's website.

***Sec. 20(1). Basic Foundation Allowance – REVISED***

Increases basic per-pupil foundation allowance by \$210 to \$7,085 for FY 2006-07.

***Sec. 32L. School Readiness Competitive Grants – REVISED***

Allows any grant recipient to use its original funding level to provide either a half-day or full-day; changes teaching requirements to match changes made to Section 37.

***Sec. 37. School Readiness Teacher Requirements – REVISED***

Adds language to allow a teacher with at least four years experience in a qualified preschool and 90 credits to be waived from teaching requirements added in FY 2005-06.

***Sec. 51a. Special Education Itinerant Staff – REVISED***

Continues to allow funding that would otherwise lapse from this section to pay affected districts or ISDs on a FY 2003-04 basis for FY 2005-06, but expands the specific sections from which lapsed funds should be used.

***Sec. 81(2). ISD Professional Development – NEW***

Provides legislative intent that ISDs that receive operational support collaborate with DOE to provide professional development to teachers to support the Michigan Merit Curriculum.

***Secs. 98 and 99. Scientific Method – NEW***

Requires that science activities funded for Michigan Virtual University and Math and Science Centers use the scientific method to critically evaluate scientific theories.

***Sec. 101. Hours of Instruction – REVISED***

Changes hours of professional development that can be counted as hours of instruction from 51 to 38.

***Sec. 147. MPERS Contribution Subsidy – REVISED***

Estimates the percentage of payroll districts must allocate for public school employee retirement at 17.74%.



**FY 2006-07  
Budget Detail  
for  
GENERAL GOVERNMENT**

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**Attorney General  
Civil Rights  
Civil Service  
Executive Office  
Information Technology  
Legislature  
Auditor General  
Management and Budget  
State  
Treasury**

**ALL GENERAL GOVERNMENT**

**ALL GENERAL GOVERNMENT  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analysts: Robin Risko and Viola Bay Wild**

	FY 2005-06 YTD	FY 2006-07			
		Executive	House	Senate	Enacted
<b>IDG/IDT</b>	\$604,409,300	\$589,646,200	\$585,266,100	\$591,363,800	\$588,867,600
<b>Federal</b>	103,042,900	103,227,200	55,540,200	103,227,200	55,540,200
<b>Local</b>	2,725,400	2,766,200	2,766,200	2,776,200	2,766,200
<b>Private</b>	1,250,100	1,250,100	550,100	1,250,100	550,100
<b>Restricted</b>	2,086,241,500	1,649,653,800	1,665,891,800	1,670,243,000	1,658,248,000
<b>GF/GP</b>	622,204,800	660,781,100	631,219,000	644,625,700	607,305,100
<b>Gross</b>	<b>\$3,419,874,000</b>	<b>\$3,007,324,600</b>	<b>\$2,941,233,400</b>	<b>\$3,013,476,000</b>	<b>\$2,913,277,200</b>
<b>FTEs</b>	7,314.4	7,287.4	7,135.4	7,299.4	7,138.4

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.*

**Overview of All General Government Departments**

Appropriations for General Government total \$2.9 billion gross and \$607.3 million GF/GP.

Appropriations for General Government are \$506.5 million, or 14.8%, under year-to-date gross appropriations and \$8.8 million, or 1.4%, under year-to-date GF/GP appropriations.

Appropriations for General Government are \$94.0 million, or 3.1%, under the revised Executive recommended gross appropriations and \$53.5 million, or 8.1%, under the revised Executive recommended GF/GP appropriations.

**ATTORNEY GENERAL  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analyst: Robin Risko**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$13,408,400	\$13,914,300	\$13,914,300	\$13,914,300	\$13,914,300	\$505,900	3.8
<b>Federal</b>	9,827,100	10,236,500	10,236,500	10,236,500	10,236,500	409,400	4.2
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	11,011,400	11,259,500	11,259,500	11,485,500	11,485,500	474,100	4.3
<b>GF/GP</b>	31,501,200	32,896,000	32,896,000	32,467,700	32,896,000	1,394,800	4.4
<b>Gross</b>	<b>\$65,748,100</b>	<b>\$68,306,300</b>	<b>\$68,306,300</b>	<b>\$68,104,000</b>	<b>\$68,532,300</b>	<b>\$2,784,200</b>	<b>4.2</b>
<b>FTEs</b>	566.0	563.0	563.0	565.0	565.0	(1.0)	(0.2)

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.*

**Overview**

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to taxpayers.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Fund Source Adjustments</b>	<b>Gross</b>	<b>\$3,001,700</b>	<b>(\$440,300)</b>
Eliminates Corporate and Security Fees revenue due to charges for services provided being funded from an IDG from DLEG (\$140,300); reduces IDG from MDOT State Trunkline Fund by \$300,000 to align authorization with expectation of receipts for services provided.	IDG	2,861,400	(300,000)
	Restricted	140,300	(140,300)
	GF/GP	\$0	\$0
<b>2. Program Reductions</b>	<b>Gross</b>	<b>\$4,030,900</b>	<b>\$0</b>
Reduces GF/GP and offsets reduction with increased IDG funds from DHS and state restricted funds from Liquor Purchase Revolving Fund and Oil and Gas Privilege Fee fund.	IDG	2,928,000	140,000
	Restricted	1,102,900	60,000
	GF/GP	\$0	(\$200,000)
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,224,500</b>
Includes additional funding for salary and wage, insurance, and retirement costs; reduces funding for building occupancy charges.	IDG	N/A	665,900
	Federal	N/A	409,400
	Restricted	N/A	554,400
	GF/GP	N/A	\$1,594,800

**Major Boilerplate Changes From FY 2005-06**

**Sec. 307. Antitrust Revenue – VETOED**

Appropriates additional antitrust, securities fraud, consumer protection, or class action enforcement revenue, or attorney fees recovered by Department, up to \$1.0 million; authorizes up to \$1.0 million of unexpended funds to be carried forward to the following fiscal year.

**ATTORNEY GENERAL**

**Major Boilerplate Changes From FY 2005-06**

***Sec. 308. Litigation Expense Reimbursements – REVISED***

Appropriates up to \$500,000 from litigation expense reimbursements to the state for use when the Governor or Attorney General are the named party in litigation against the state; authorizes up to \$500,000 of unexpended funds to be carried forward; specifies that funds can pay litigation expenses, court judgments/settlements, or attorney fees.

***Sec. 309. Carry-Forward of Prisoner Reimbursement Revenue – VETOED***

Authorizes unexpended prisoner reimbursement revenue, up to \$500,000, to be carried forward.

**CIVIL RIGHTS  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analyst: Robin Risko**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	0.0
<b>Federal</b>	1,566,200	1,566,200	1,566,200	1,566,200	1,566,200	0	0.0
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	0	0	0	0	0	0	0.0
<b>GF/GP</b>	12,108,700	12,454,000	12,454,000	12,291,800	12,454,000	345,300	2.9
<b>Gross</b>	<b>\$13,674,900</b>	<b>\$14,020,200</b>	<b>\$14,020,200</b>	<b>\$13,858,000</b>	<b>\$14,020,200</b>	<b>\$345,300</b>	<b>2.5</b>
<b>FTEs</b>	141.0	141.0	141.0	141.0	141.0	0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.*

**Overview**

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to “secure the equal protection of such civil rights without such discrimination.” The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, and provides information and services to businesses on equal employment laws and other civil rights areas.

<b>Major Budget Changes From FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD</b>	<b>Enacted Change From YTD</b>
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$366,300</b>
Includes additional funding for salary and wage, insurance, retirement, and worker’s compensation premium costs.	GF/GP	N/A	\$366,300
<b>2. Human Resources Optimization Project</b>	<b>Gross</b>	<b>\$29,500</b>	<b>(\$21,000)</b>
Reduces funding to more accurately reflect Department’s portion of Human Resources Optimization user charges.	GF/GP	\$29,500	(\$21,000)

**Major Boilerplate Changes From FY 2005-06**

None

**CIVIL SERVICE**

**CIVIL SERVICE  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analyst: Robin Risko**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$5,670,900	\$5,788,100	\$5,788,100	\$5,788,100	\$5,788,100	\$117,200	2.1
<b>Federal</b>	4,779,100	4,779,100	4,779,100	4,779,100	4,779,100	0	0.0
<b>Local</b>	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	0	0.0
<b>Private</b>	150,000	150,000	150,000	150,000	150,000	0	0.0
<b>Restricted</b>	16,539,200	17,157,500	17,157,500	17,157,500	17,157,500	618,300	3.7
<b>GF/GP</b>	7,102,400	6,972,400	6,972,400	6,881,600	6,972,400	(130,000)	(1.8)
<b>Gross</b>	<b>\$35,941,600</b>	<b>\$36,547,100</b>	<b>\$36,547,100</b>	<b>\$36,456,300</b>	<b>\$36,547,100</b>	<b>\$605,500</b>	<b>1.7</b>
<b>FTEs</b>	240.5	240.5	240.5	240.5	240.5	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>1. Program Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$355,100)</b>
Reduces GF/GP by \$355,100; savings anticipated through CSS&M cost reductions and other administrative efficiencies.	GF/GP	N/A	(\$355,100)
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$976,600</b>
Adds funding for salary and wage, insurance, and retirement costs;	IDG	N/A	117,200
reduces funding for worker's compensation premium costs and building occupancy charges.	Restricted	N/A	628,300
	GF/GP	N/A	\$231,100
<b>3. Human Resources Optimization Project</b>	<b>Gross</b>	<b>\$29,700</b>	<b>(\$16,000)</b>
Reduces funding to more accurately reflect Department's portion of Human Resources Optimization user charges.	Restricted	19,700	(10,000)
	GF/GP	\$10,000	(\$6,000)

**Major Boilerplate Changes From FY 2005-06**

None

**EXECUTIVE OFFICE**  
**Summary of FY 2006-07 Enacted Appropriations**  
**House Bill 5796, Article 7; Public Act 345 of 2006**

Analyst: Robin Risko

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	5,375,500	5,375,500	5,375,500	5,466,800	5,509,900	134,400	2.5
<b>Gross</b>	<b>\$5,375,500</b>	<b>\$5,375,500</b>	<b>\$5,375,500</b>	<b>\$5,466,800</b>	<b>\$5,509,900</b>	<b>\$134,400</b>	<b>2.5</b>
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington, D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$134,400</b>
Adds funding for salary and wage, insurance, and retirement costs.	GF/GP	N/A	\$134,400

**Major Boilerplate Changes From FY 2005-06**

There is no boilerplate for the Executive office.

**INFORMATION TECHNOLOGY  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analyst: Robin Risko**

IDG/IDT	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$384,706,700	\$378,422,000	\$378,422,000	\$380,639,600	\$378,222,000	(\$6,484,700)	(1.7)
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	0	0	0	0	0	0	0.0
<b>Gross</b>	<b>\$384,706,700</b>	<b>\$378,422,000</b>	<b>\$378,422,000</b>	<b>\$380,639,600</b>	<b>\$378,222,000</b>	<b>(\$6,484,700)</b>	<b>(1.7)</b>
FTEs	1,766.4	1,781.4	1,781.4	1,791.4	1,782.4	16.0	0.9

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include application development and maintenance; desktop, mainframe, server, and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies; each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. Administration of fund sources remains with each agency.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

**1. Economic Adjustments**

Provides for salary and wage, insurance, retirement, rent, and building occupancy charges.

	FY 2005-06 YTD	Enacted Change From YTD
<b>Gross</b>	<b>N/A</b>	<b>\$7,176,600</b>
IDG	N/A	7,176,600
GF/GP	N/A	\$0

**2. Program Enhancements**

Reflects state departments' program enhancement appropriations: \$5.5 million for integrated service delivery project (Human Services), \$1.1 million for business application modernization project (State), \$1.0 million for Michigan public safety communications system (State Police), \$399,900 for Social Security Administration electronic death registry system (Community Health), \$370,000 to implement Social Security Privacy Act (Management and Budget), and \$100,000 for Michigan Gaming Control Board to hire a database administrator.

	FY 2005-06 YTD	Enacted Change From YTD
<b>Gross</b>	<b>\$384,706,700</b>	<b>\$8,469,900</b>
IDG	384,706,700	8,469,900
GF/GP	\$0	\$0

**Major Budget Changes From FY 2005-06 YTD Appropriations**

**3. Base Adjustments**

Reflects adjusted IT appropriations in other state department budgets:

- Adds: \$3.2 million for ongoing maintenance of state retirement system (Management and Budget); \$2.5 million to reflect restored funds removed from FY 2005-06 appropriation (Transportation); \$1.9 million for server replacements, module conversions, desktop maintenance, one FTE (Corrections); \$120,100 to reflect restored funds removed from FY 2005-06 (History, Arts, and Libraries)
- Removes: \$5.0 million to align IDGs with enacted IT appropriations in other department budgets; \$17.8 million one-time funding for child support arrearage program (Human Services); \$4.6 million from federal funds adjustments, contract transfers/savings, other IT-related savings (Human Services); \$1.2 million to reflect expired commercial vehicle information systems network grant and transfer one FTE (State Police); \$1.0 million one-time funding for e-procurement project (Management and Budget); \$250,000 to reflect unavailable federal funds (Labor and Economic Growth); and \$31,000 from contract and other IT-related savings (Civil Service).

	<u>FY 2005-06 YTD</u>	<u>Enacted Change From YTD</u>
<b>Gross</b>	<b>\$384,706,700</b>	<b>(\$22,131,200)</b>
IDG	384,706,700	(22,131,200)
GF/GP	\$0	\$0

**Major Boilerplate Changes From FY 2005-06**

***Sec. 577. Michigan Public Safety Communications System – REVISED***

Directs appropriation for Michigan Public Safety Communications System to be expended on approval of an expenditure plan; requires DIT to assess reasonable access/maintenance fees to all system subscribers; requires revenue received to be expended on system support/maintenance; requires report on revenue collected and expended; authorizes unexpended revenue to be carried forward.

***Sec. 581. Information Technology Assets – NEW***

Directs DIT to conduct a study of the state IT assets; determine achievable benefits/economies; and summarize the top ten initiatives, and cost of implementing the initiatives, that would provide the most benefit to the state.

**LEGISLATURE  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analyst: Robin Risko**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$2,301,500	\$2,301,500	\$0	\$1,801,500	\$0	(\$2,301,500)	(100.0)
<b>Federal</b>	0	0	0	0	0	0	0.0
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	400,000	400,000	400,000	400,000	400,000	0	0.0
<b>Restricted</b>	2,356,500	2,356,500	1,109,800	2,649,700	1,109,800	(1,246,700)	(52.9)
<b>GF/GP</b>	124,881,900	124,673,900	112,244,600	126,790,800	115,066,600	(9,815,300)	(7.9)
<b>Gross</b>	<b>\$129,939,900</b>	<b>\$129,731,900</b>	<b>\$113,754,400</b>	<b>\$131,642,000</b>	<b>\$116,576,400</b>	<b>(\$13,363,500)</b>	<b>(10.3)</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.*

**Overview**

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature; the Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries; and Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

**1. Structural Change**

Transfers funds for Office of the Auditor General from the Legislature budget into a budget section of its own.

	FY 2005-06 YTD	Enacted Change From YTD
<b>Gross</b>	<b>\$15,977,500</b>	<b>(\$15,977,500)</b>
IDG	2,301,500	(2,301,500)
Restricted	1,246,700	(1,246,700)
GF/GP	\$12,429,300	(\$12,429,300)

**2. Economic Adjustments**

Adds funds for salary and wage, insurance, and retirement costs.

<b>Gross</b>	<b>N/A</b>	<b>\$2,822,000</b>
GF/GP	N/A	\$2,822,000

**3. Base Adjustment**

Removes one-time appropriation of \$208,000 used for census tracking and reapportionment project.

<b>Gross</b>	<b>\$208,000</b>	<b>(\$208,000)</b>
GF/GP	\$208,000	(\$208,000)

**Major Boilerplate Changes From FY 2005-06**

None

# AUDITOR GENERAL

## Summary of FY 2006-07 Enacted Appropriations

### House Bill 5796, Article 7; Public Act 345 of 2006

Analyst: Robin Risko

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$1,801,500	\$0	\$1,801,500	\$1,801,500	100.0
<b>Federal</b>	0	0	0	0	0	0	0.0
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	0	0	1,539,900	0	1,539,900	1,539,900	100.0
<b>GF/GP</b>	0	0	14,136,100	0	13,006,100	13,006,100	100.0
<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,477,500</b>	<b>\$0</b>	<b>\$16,347,500</b>	<b>\$16,347,500</b>	<b>100.0</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

#### Overview

The Office of the Auditor General (OAG) is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds and an annual budget of over \$27.0 billion. Audit reports also provide citizens with a measure of accountability and assist department evaluation of their operations. The OAG's goal is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The OAG's mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

#### Major Budget Changes From FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Structural Change</b>	<b>Gross</b>	<b>\$0</b>	<b>\$15,977,500</b>
Transfers funds for Office of the Auditor General from the Legislature budget into a budget section of its own.	IDG	0	2,301,500
	Restricted	0	1,246,700
	GF/GP	\$0	\$12,429,300
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$576,800</b>
Adds funds for salary and wage, insurance, and retirement costs.	GF/GP	N/A	\$576,800
<b>3. Fund Source Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$293,200</b>
Adjusts fund sourcing to reflect anticipated audit charges.	Restricted	N/A	293,200
	GF/GP	N/A	\$0
<b>4. Base Adjustment</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Removes one-time appropriation of \$500,000 for Auditor General to contract for evaluation/comparison of each correctional facility.	IDG	500,000	(500,000)
	GF/GP	\$0	\$0

#### Major Boilerplate Changes From FY 2005-06

None

**MANAGEMENT AND BUDGET  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analyst: Robin Risko**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$153,786,800	\$155,293,500	\$155,293,500	\$155,293,500	\$155,293,500	\$1,506,700	1.0
<b>Federal</b>	0	0	0	0	0	0	0.0
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	45,876,100	52,438,900	67,438,900	67,438,900	52,438,900	6,562,800	14.3
<b>GF/GP</b>	35,217,900	288,409,600	273,909,600	274,144,700	268,409,600	233,191,700	662.1
<b>Gross</b>	<b>\$234,880,800</b>	<b>\$496,142,000</b>	<b>\$496,642,000</b>	<b>\$496,877,100</b>	<b>\$476,142,000</b>	<b>\$241,261,200</b>	<b>102.7</b>
<b>FTEs</b>	751.0	759.0	759.0	759.0	759.0	8.0	1.1

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, and Office of Regulatory Reform.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Transfer of State Building Authority Rent</b>	<b>Gross</b>	<b>\$0</b>	<b>\$272,797,100</b>
Reflects transfer of State Building Authority Rent Payments from Department of Treasury to DMB.	Restricted	0	16,795,000
	GF/GP	\$0	\$256,002,100
<b>2. SBA Rent Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$35,000,000)</b>
Reflects savings from projected rent payments and renegotiating long-term leases for buildings DMB manages; financial restructuring will reduce FY 2006-07 rent payments for affected facilities.	Restricted	N/A	(15,000,000)
	GF/GP	N/A	(\$20,000,000)
<b>3. Commercial Mobile Radio Suppliers Fund</b>	<b>Gross</b>	<b>\$15,000,000</b>	<b>\$0</b>
Authorizes receiving additional state restricted funds from Commercial Mobile Radio Suppliers Fund for SBA rent for Michigan State Police radio tower construction projects; offsets GF/GP.	Restricted	15,000,000	3,300,000
	GF/GP	\$0	(\$3,300,000)
<b>4. Office of Retirement Services</b>	FTEs	127.5	13.0
Includes \$3.2 million for ongoing maintenance of state's retirement system, \$370,000 to implement the Social Security Privacy Act, and 13.0 FTEs and \$350,000 for customer call center improvements.	<b>Gross</b>	<b>\$15,804,900</b>	<b>\$3,920,000</b>
	Restricted	15,804,900	3,920,000
	GF/GP	\$0	\$0
<b>5. Program Reductions</b>	FTEs	N/A	(6.0)
Reduces GF/GP by \$758,200; savings to be generated through staffing reductions, fund source shifts, real estate optimization, and changes to the ID Mail Delivery Program.	<b>Gross</b>	<b>N/A</b>	<b>(\$492,000)</b>
	IDG	N/A	293,200
	Restricted	N/A	(27,000)
	GF/GP	N/A	(\$758,200)

**MANAGEMENT AND BUDGET**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>6. Building Occupancy Adjustments</b>	<b>Gross</b>	<b>\$6,021,200</b>	<b>\$358,800</b>
Adds \$814,600 for increased utility costs and \$121,700 for rent adjustments for leased facilities; reduces budget by \$577,500 due to closing Baker-Olin Building.	IDG	6,021,200	358,800
	GF/GP	\$0	\$0
<b>7. e-Procurement Project</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>
Eliminates \$1.0 million one-time appropriation for e-Procurement project; completed project provides online, statewide, "one-stop shop" for purchasers, provides purchasing/spending information, increases vendor competition, consolidates workloads.	IDG	1,000,000	(1,000,000)
	GF/GP	\$0	\$0
<b>8. Retirement Disaster Recovery Plan</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Eliminates \$500,000 one-time appropriation for Retirement Business Continuity/Disaster Recovery Plan; completed project allows Office of Retirement Services to maintain core activities if a disaster occurs; call center will function within 48 hours of disaster and make pension payments within one week of disaster.	Restricted	500,000	(500,000)
	GF/GP	\$0	\$0
<b>9. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,193,100</b>
Adds funding for salary and wage, insurance, retirement, and rent costs; reduces funding for worker's compensation premium costs and building occupancy charges.	IDG	N/A	990,200
	Restricted	N/A	1,011,800
	GF/GP	N/A	\$1,191,100
<b>10. Human Resources Optimization Project</b>	<b>Gross</b>	<b>\$29,500</b>	<b>\$34,700</b>
Increases funding to more accurately reflect DMB portion of Human Resources Optimization user charges.	IDG	11,500	13,500
	Restricted	12,300	14,500
	GF/GP	\$5,700	\$6,700

**Major Boilerplate Changes From FY 2005-06**

**GENERAL SECTIONS OF BOILERPLATE**

***Sec. 220. Contributions to Political Organizations – REVISED***

Prohibits funding from being used to establish, operate, or administer a payroll deduction plan that enables classified state employees to make contributions to either a committee or a political organization.

**DEPARTMENT OF MANAGEMENT AND BUDGET**

***Sec. 715(4). Motor Vehicle Fleet Driver Records – DELETED***

Expresses legislative intent that DMB determine the feasibility of using driver record information upon issuing state cars to state employees in order to ensure responsibility and safety.

***Sec. 715(5). Motor Vehicle Fleet Fuel Cost Increases – NEW***

Authorizes DMB to charge state agencies for fuel cost increases that exceed \$2.27 per gallon of unleaded gasoline.

## STATE

## Summary of FY 2006-07 Enacted Appropriations House Bill 5796, Article 7; Public Act 345 of 2006

Analyst: Robin Risko

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$31,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	(\$11,000,000)	(35.5)
<b>Federal</b>	3,443,300	3,052,100	3,052,100	3,052,100	3,052,100	(391,200)	(11.4)
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	100	100	100	100	100	0	0.0
<b>Restricted</b>	154,637,200	162,608,600	162,608,600	156,608,600	162,608,600	7,971,400	5.2
<b>GF/GP</b>	19,997,800	19,132,700	19,132,700	18,883,600	19,132,700	(865,100)	(4.3)
<b>Gross</b>	<b>\$209,078,400</b>	<b>\$204,793,500</b>	<b>\$204,793,500</b>	<b>\$198,544,400</b>	<b>\$204,793,500</b>	<b>(\$4,284,900)</b>	<b>(2.0)</b>
<b>FTEs</b>	1,859.8	1,859.8	1,859.8	1,859.8	1,859.8	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

### Overview

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

<u>Major Budget Changes From FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Enacted Change From YTD</u>
<b>1. Business Application Modernization Project</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,100,000</b>
Adds funding for continued development and implementation of Business Application Modernization Project.	GF/GP	N/A	\$1,100,000
<b>2. Program Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$365,900)</b>
Reduces GF/GP by \$365,900; savings anticipated through not filling vacant FTE positions and other administrative efficiencies.	GF/GP	N/A	(\$365,900)
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,481,000</b>
Adds funding for salary and wage, insurance, and retirement costs and for building occupancy charges; reduces funding for worker's compensation premium costs.	Federal	N/A	108,800
	Restricted	N/A	1,471,400
	GF/GP	N/A	\$4,900,800
<b>4. Transportation Administration Collection Fund Adjustment</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Removes one-time GF/GP appropriation used to offset reduction in revenue to Transportation Administration Collection Fund.	Restricted	(6,500,000)	6,500,000
	GF/GP	\$6,500,000	(\$6,500,000)
<b>5. Help America Vote Act</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Removes one-time federal Help America Vote Act funding used to provide voting access for individuals with disabilities.	Federal	500,000	(500,000)
	GF/GP	\$0	\$0
<b>6. Reissue Registration Plates</b>	<b>Gross</b>	<b>\$11,000,000</b>	<b>(\$11,000,000)</b>
Removes one-time Michigan Transportation Fund appropriation for cost to design, manufacture, distribute/issue new license plate required by 2006 PA 177; new plate will use reflectorized material, be clearly visible at night, and replace the "standard design beads on paint" plate.	IDG	11,000,000	(11,000,000)
	GF/GP	\$0	\$0

**Major Boilerplate Changes From FY 2005-06**

***Sec. 815a. Strategies for Increasing Online Transactions – NEW***

Requires the Department to report on the number of branch office transactions completed online by Michigan residents in the preceding fiscal year.

***Sec. 821. Keweenaw County Branch Office – NEW***

Requires Department to complete cost/benefit analysis on feasibility of locating Keweenaw County Secretary of State branch office with Keweenaw County Department of Human Services office; specifies analysis information to be provided.

**TREASURY  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 7; Public Act 345 of 2006**

**Analysts: Robin Risko, Viola Bay Wild**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$13,535,000	\$13,926,800	\$10,046,700	\$13,926,800	\$13,848,200	\$313,200	2.3
<b>Federal</b>	83,427,200	83,593,300	35,906,300	83,593,300	35,906,300	(47,520,900)	(57.0)
<b>Local</b>	1,025,400	1,066,200	1,066,200	1,066,200	1,066,200	40,800	4.0
<b>Private</b>	700,000	700,000	0	700,000	0	(700,000)	(100.0)
<b>Restricted</b>	1,855,821,100	1,403,832,800	1,404,777,600	1,414,902,800	1,411,907,800	(443,913,300)	(23.9)
<b>GF/GP</b>	386,019,400	170,867,000	154,098,100	167,698,700	133,857,800	(252,161,600)	(65.3)
<b>Gross</b>	<b>\$2,340,528,100</b>	<b>\$1,673,986,100</b>	<b>\$1,605,894,900</b>	<b>\$1,681,887,800</b>	<b>\$1,596,586,300</b>	<b>(\$743,941,800)</b>	<b>(31.8)</b>
<b>FTEs</b>	1,905.5	1,858.5	1,706.5	1,858.5	1,706.5	(199.0)	(10.4)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>OPERATIONS</b>			
<b>1. Transfer of State Building Authority Rent (SBA)</b>	<b>Gross</b>	<b>\$253,697,100</b>	<b>(\$253,697,100)</b>
Reflects transfer of SBA rent payments from Treasury to DMB.	Restricted	16,795,000	(16,795,000)
	GF/GP	\$236,902,100	(\$236,902,100)
	FTEs	152.0	(152.0)
<b>2. Transfer of Michigan Strategic Fund (MSF)</b>	<b>Gross</b>	<b>\$80,479,800</b>	<b>(\$80,479,800)</b>
Reflects transfer of MSF appropriations to a separate article (13). MSF was transferred to Treasury from DLEG under 2005 PA 225; Michigan Economic Development Corporation administers MSF programs/funds; year-to-date appropriations reflect reduction of 38.0 FTEs and \$396.3 million gross.	IDG	78,600	(78,600)
	Federal	47,687,000	(47,687,000)
	Private	700,000	(700,000)
	Restricted	5,000	(5,000)
	GF/GP	\$32,009,200	(\$32,009,200)
	FTEs	60.0	(10.0)
<b>3. Michigan Transportation Fund IDG</b>	<b>Gross</b>	<b>\$8,455,700</b>	<b>\$345,800</b>
Increases Michigan Transportation Fund IDG current-year funding by \$345,800 for an authorization of \$8.8 million gross.	IDG	8,455,700	345,800
	GF/GP	\$0	\$0
<b>4. Principal Residence Audits</b>	<b>Gross</b>	<b>\$750,000</b>	<b>(\$250,000)</b>
Reduces funding for principal residence exemption compliance program by \$250,000.	GF/GP	\$750,000	(\$250,000)
<b>5. Revenue Enhancement Program</b>	<b>Gross</b>	<b>\$6,590,000</b>	<b>(\$400,000)</b>
Reduces funds for revenue enhancement program by \$400,000 and FTEs by 10.0 through a phased reduction.	GF/GP	\$6,590,000	(\$400,000)

<b>Major Budget Changes From FY 2005-06 YTD Appropriations</b>	<b>FY 2005-06 YTD</b>	<b>Enacted Change From YTD</b>
<b>6. Cybershame Target Agreement</b>	<b>Gross</b>	<b>N/A</b>
Replaces \$5.0 million GF/GP with delinquent tax collection revenue; additional revenue expected from implementing "Cybershame" initiative, which would change Michigan law to allow names of major delinquent taxpayers to be published on the Internet.	Restricted	N/A
	GF/GP	N/A
		<b>\$0</b>
		5,000,000
		(\$5,000,000)
<b>7. Program Reductions</b>	<b>Gross</b>	<b>N/A</b>
Reduces GF/GP by \$538,000; savings anticipated from HR training reductions, administrative efficiencies, and other reductions.	GF/GP	N/A
		<b>(\$538,000)</b>
		(\$538,000)
<b>8. HR Optimization Adjustments</b>	FTE	N/A
Reduces funds for HR optimization by \$72,400 and reduces FTEs by 1.0 position to reflect HR Optimization adjustment savings.	<b>Gross</b>	<b>N/A</b>
	GF/GP	N/A
		(1.0)
		<b>(\$72,400)</b>
		(\$72,400)
<b>9. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>
Includes additional funding for salary and wage, insurance, retirement, and building occupancy costs.	IDG	N/A
	Federal	N/A
	Local	N/A
	Restricted	N/A
	GF/GP	N/A
		<b>\$7,399,400</b>
		391,800
		500,900
		40,700
		4,903,500
		\$1,562,500
<b>REVENUE SHARING</b>		
<b>10. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$692,550,000</b>
Increases funds for constitutional revenue sharing payments to cities, villages, and townships from FY 2005-06 appropriation; represents updated estimates from May Consensus Revenue Estimating Conference.	Restricted	692,550,000
	GF/GP	\$0
		<b>\$6,375,000</b>
		6,375,000
		\$0
<b>11. Statutory Revenue Sharing</b>	<b>Gross</b>	<b>\$423,350,000</b>
Reduces funds for statutory revenue sharing payments to cities, villages, and townships from FY 2005-06 appropriation; represents updated estimates from May Consensus Revenue Estimating Conference.	Restricted	423,350,000
	GF/GP	\$0
		<b>(\$15,865,000)</b>
		(15,865,000)
		\$0
<b>12. Special Census Revenue Sharing</b>	<b>Gross</b>	<b>\$893,100</b>
Provides funds for special census revenue sharing payments to be prorated among qualifying local units of government; additional funding shown as a reduction due to supplemental increase in current year by SB 242, 2006 PA 153.	GF/GP	\$893,100
		<b>(\$700)</b>
		(\$700)
<b>DEBT SERVICE</b>		
<b>13. Debt Service</b>	<b>Gross</b>	<b>\$89,001,400</b>
Adds \$14.0 million for Clean Michigan Initiative bond debt service payments; reduces Quality of Life bond debt service payment by \$4.2 million, and adds \$8.0 million GF/GP (fund source shift from state restricted cleanup and development funds); reduces payments for Water Pollution Control bond by \$134,200; adds \$1.5 million for new Great Lakes Water Quality bond issue program.	Restricted	36,114,500
	GF/GP	\$52,886,900
		<b>\$11,156,800</b>
		(12,200,000)
		\$23,356,800
<b>GRANTS</b>		
<b>14. Grants</b>	<b>Gross</b>	<b>\$138,307,900</b>
Adds \$900,000 for senior citizen cooperative housing tax exemption program; decreases qualified agricultural loan payments by \$459,900; adds \$362,000 for Renaissance Zone Reimbursement payments to libraries for lost property tax revenue associated with renaissance zones; reduces grants to counties in lieu of taxes by \$5,000; decreases Commercial Mobile Radio Service (CMRS) payments for local wireless 911 emergency response services by \$13.4 million.	Restricted	115,170,000
	GF/GP	\$22,388,000
		<b>(\$12,622,900)</b>
		(13,420,000)
		\$797,100

**Major Boilerplate Changes From FY 2005-06**

***Sec. 904a. Financial Services Expenditure Appropriation – NEW***

Appropriates funds for financial services provided by financial institutions through restricting revenue from common cash interest earnings and investment earnings.

***Sec. 947. Audit Enhancements – REVISED***

Requires that \$5.4 million of \$5.9 million in part 1 for revenue enhancement program be for revenue collection enhancement; remaining \$500,000 to be for principal residence exemption compliance program and to develop statewide web-based database; authorizes carry-forward; designates unexpended revenue enhancement program appropriations as work projects for database with \$24.6 million estimated cost; requires quarterly progress reports for personal property tax audit and principal residence audit programs and Auditor General performance audit of principal residence audit program; removes contract restrictions and joint subcommittee hearing.

***Sec. 948. Electronic Income Tax Filing – REVISED***

Requires Department to report the number of tax returns, including state income and single business tax returns, filed on line in the preceding fiscal year.

***Sec. 949. Income Tax Form Check-Off Initiatives – NEW***

Requires Department to develop a plan for individual income tax form check-off initiatives that includes a process to determine the legal and operational feasibility of proposed check-offs.

***Sec. 949b. Transportation Cost Allocation Plan – VETOED***

Requires Department to develop a cost allocation plan to determine actual costs of work performed for state restricted transportation funds.

**MICHIGAN STRATEGIC FUND – NOT INCLUDED**

***Secs. 1001 – 1012.***

**FY 2006-07  
Budget Detail  
for  
HUMAN SERVICES**

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**Community Health  
Corrections  
Human Services**

**COMMUNITY HEALTH  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1083; Public Act 330 of 2006**

**Analysts: Margaret Alston, Sue Frey, Steve Stauff**

	FY 2005-06 YTD as of 2/10/06	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$34,090,000	\$37,286,100	\$37,286,100	\$37,286,100	\$37,286,100	\$3,196,100	9.4
<b>Federal</b>	5,533,597,400	6,102,352,600	6,088,988,500	5,823,755,500	6,042,584,700	508,987,300	9.2
<b>Local</b>	231,524,400	241,177,400	241,177,400	241,177,400	241,177,400	9,653,000	4.2
<b>Private</b>	59,073,800	61,326,900	61,326,900	63,826,900	63,826,900	4,753,100	8.0
<b>Restricted</b>	1,516,009,000	1,817,312,800	1,816,312,800	1,812,976,900	1,871,199,600	355,190,600	23.4
<b>GF/GP</b>	2,951,899,400	3,001,150,400	2,947,975,800	2,927,994,000	2,940,082,700	(11,816,700)	(0.4)
<b>Gross</b>	<b>\$10,326,194,000</b>	<b>\$11,260,606,200</b>	<b>\$11,193,067,500</b>	<b>\$10,907,016,800</b>	<b>\$11,196,157,400</b>	<b>\$869,963,400</b>	<b>8.4</b>
<b>FTEs</b>	4,674.6	4,676.1	4,694.1	4,658.1	4,664.1	(10.5)	(0.2)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through February 10, 2006.

**Overview**

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, the Crime Victim Services Commission, and health policy/regulatory functions.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

	FY 2005-06 YTD (as of 2/10/06)	Enacted Change From YTD
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>
Includes \$30.8 million gross (\$14.4 million GF/GP) to fund 3.5% salary/wage increases for non-bargaining and unionized employees, economic adjustments for defined benefit/contribution retirement, insurance, building occupancy, food, worker's compensation, and fuel/utility costs for FY 2006-07. Enacted bill does not lower worker's compensation adjustment by \$1.0 million gross (all GF/GP) as recommended by the House.	<b>IDG</b>	<b>\$30,775,500</b>
	Federal	2,754,300
	Restricted	4,626,700
	Local	1,772,700
	Private	7,226,800
	GF/GP	5,700
		\$14,389,300
<b>2. Actuarially Sound Capitation Rates</b>	<b>Gross</b>	<b>\$3,546,870,800</b>
Increases capitation payment rates for Health Plan Services by 5.0% and Medicaid Mental Health and Substance Abuse Services by 2.0% (\$130.0 million gross, \$56.7 million GF/GP) to ensure rates are actuarially sound in FY 2006-07.	Federal	\$129,951,900
	Restricted	73,266,900
	Local	395,317,800
	GF/GP	29,737,100
		0
		\$56,685,000
<b>3. Community Mental Health Direct Care Worker Increase</b>	<b>Gross</b>	<b>\$10,400,000</b>
Adds \$10.4 million gross (\$4.5 million GF/GP) to finance a 2.0% wage increase for direct care workers in community mental health settings.(Sec. 405)	Federal	N/A
	GF/GP	N/A
		5,863,500
		\$4,536,500
<b>4. Detroit-Wayne County CMHSP</b>	<b>Gross</b>	<b>\$312,598,300</b>
Does not include Senate proposed Detroit-Wayne County CMHSP non-Medicaid funding reduction of \$15.0 million contingent on the CMHSP becoming an authority by October 1, 2006; beginning December 1, 2006, Section 459 lowers CMHSP non-Medicaid funds by \$3.5 million monthly until it becomes an authority; restores funding reductions when Detroit-Wayne County CMHSP becomes authority.	GF/GP	\$0
		\$312,598,300
		\$0

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b>FY 2005-06 YTD (as of 2/10/06)</b>	<b>Enacted Change From YTD</b>
<b>5. <i>Salvation Army Harbor Light Program</i></b>	<b>Gross</b>	<b>\$3,580,400</b>	<b>\$400,000</b>
Adds \$400,000 gross (all GF/GP) for the Salvation Army Harbor Light Program that provides substance abuse treatment services.	Federal	2,685,300	0
	GF/GP	\$895,100	\$400,000
<b>6. <i>Carve In of Anti-Psychotic Pharmaceutical Costs</i></b>	<b>Gross</b>	<b>\$1,577,446,000</b>	<b>\$9,485,100</b>
Transfers anti-psychotic pharmaceutical costs of \$149.1 million gross (\$65.1 million GF/GP) to capitation payments for prepaid inpatient health plans (PIHPs), with the expectation of capturing an additional \$9.5 million in QAAP revenue and \$5.3 million in federal Medicaid revenue, and saving \$5.3 million GF/GP. (Sec. 269)	Federal	892,676,600	5,347,700
	Restricted	94,692,400	9,485,100
	Local	26,072,100	0
	GF/GP	\$564,004,900	(\$5,347,700)
<b>7. <i>Multicultural Services</i></b>	<b>Gross</b>	<b>\$4,963,800</b>	<b>\$200,000</b>
Adds \$200,000 to the Multicultural Services line item for the Jewish Federation of Metropolitan Detroit. (Sec. 475)	GF/GP	\$4,963,800	\$200,000
<b>8. <i>Public Health Funding Increases</i></b>	<b>Gross</b>	<b>\$0</b>	<b>\$230,000</b>
Includes \$175,000 GF/GP to establish a Methamphetamine Cleanup Fund (Sec. 351), \$25,000 for a Diabetes Management Pilot Project (Sec. 1008), and \$30,000 for creation of a website regarding the Safe Delivery of Newborns Act (Sec. 1114).	GF/GP	\$0	\$230,000
<b>9. <i>Public Health Prevention Block Grant</i></b>	<b>Gross</b>	<b>\$5,617,500</b>	<b>(\$1,083,500)</b>
Recognizes 19.3% reduction of ongoing federal Preventive Health and Health Services Block Grant affecting the following prevention programs: minority health grants, emergency medical services grants, primary care services, AIDS counseling and testing, sexually transmitted disease control, laboratory services, Alzheimer's information network, chronic disease prevention, diabetes and kidney program, and pregnancy prevention.	Federal	5,617,500	(1,083,500)
	GF/GP	\$0	\$0
<b>10. <i>Local Public Health Hearing and Vision Screening</i></b>	<b>Gross</b>	<b>\$2,575,000</b>	<b>\$2,575,000</b>
Restores Local Public Health Operations hearing and vision screening services provided by local health departments in schools to FY 2004-05 full funding level of \$5.15 million. New School Aid Fund monies for this program will be cycled back through DCH by the school districts. Local health departments will continue to provide screenings in schools under contract with DCH (Sec. 905).	Local	0	5,150,000
	GF/GP	\$2,575,000	(\$2,575,000)
<b>11. <i>Healthy Michigan Fund Adjustments</i></b>	<b>Gross</b>	<b>\$43,512,700</b>	<b>\$238,300</b>
Reallocates \$350,000 of Healthy Michigan Funds from Medicaid match to support programs for arthritis, Huntington's Disease, Parkinson's Disease, and infant mortality. Federal increase reflects Medicaid match on the infant mortality Nurse Family Partnership funding (Sec. 1132). Three projects are increased by \$38,300 total for FTE-related economics adjustments.	Federal	0	200,000
	Restricted	43,512,700	38,300
	GF/GP	\$0	\$0
<b>12. <i>Anti-Drug Abuse and Drug Treatment Court Grants</i></b>	<b>Gross</b>	<b>\$26,470,300</b>	<b>(\$8,565,100)</b>
Appropriates \$1,235,100 GF/GP to offset federal funding cuts for existing anti-drug abuse program grant awards to communities. Declining federal funds are reflected by a \$9.8 million reduction for drug control grants and programs including law enforcement support, drug abuse prevention education, and residential substance abuse treatment programs. Funds granted for local drug treatment courts are reduced from \$3.6 million to \$1.8 million.	Federal	26,470,300	(9,800,200)
	GF/GP	\$0	\$1,235,100

**COMMUNITY HEALTH**

<b>Major Budget Changes From FY 2005-06 YTD Appropriations</b>	<b>FY 2005-06 YTD (as of 2/10/06)</b>	<b>Enacted Change From YTD</b>
<b>13. Michigan First Healthcare Plan</b>	<b>Gross</b>	<b>\$0</b>
Adds \$100.0 million of federal funding authorization that will be used to match existing Michigan funds to create Michigan First Healthcare Plan, a plan to extend basic, low-cost health insurance coverage to uninsured Michigan residents. State matching funds would be met by funds already spent in Michigan on health care for the uninsured. This plan will require a federal government waiver and, if approved, is anticipated to begin April 1, 2007. (Secs. 1501, 1502, and 1503)	Federal	\$0
	GF/GP	\$0
		<b>\$100,000,000</b>
<b>14. Medicaid Home Help Worker Wage Increase</b>	<b>Gross</b>	<b>\$186,060,500</b>
Adds \$31.5 million gross (\$13.7 million GF/GP) to increase the hourly wage for Medicaid home help workers. (Sec. 1691)	Federal	105,291,600
	GF/GP	\$80,768,900
		<b>\$31,462,600</b>
<b>15. Asset Lookback and Audit Savings</b>	<b>Gross</b>	<b>N/A</b>
Reduces funding by \$12.0 million gross (\$5.0 million GF/GP) representing additional savings from Medicaid asset lookback and audit activity related to changes in the Federal Deficit Reduction Act. Savings of \$7.0 million GF/GP are reduced by \$2.0 million GF/GP for additional staffing costs.	Federal	N/A
	GF/GP	N/A
		<b>(\$12,047,700)</b>
<b>16. Recovery of Pharmaceutical Overpayments</b>	<b>Gross</b>	<b>N/A</b>
Recognizes savings of \$22.9 million gross (\$10.0 million GF/GP) from Medicaid pharmaceutical overpayment recoveries as identified in a recent report from the State Auditor General.	Federal	N/A
	GF/GP	N/A
		<b>(\$22,924,800)</b>
<b>17. Asset Transfer and False Claims Act Savings</b>	<b>Gross</b>	<b>N/A</b>
Includes savings of \$22.0 million gross (\$9.6 million GF/GP) due to tightening of the asset transfer rules for long-term care eligibility and due to the existence of Michigan's False Claims Act. The federal Deficit Reduction Act included several provisions to reduce Medicaid costs at both the state and federal levels. (Sec. 1759)	Federal	N/A
	GF/GP	N/A
		<b>(\$21,956,200)</b>
<b>18. Carve In of Anti-Depressant Medications Into HMOs</b>	<b>Gross</b>	<b>\$219,960,600</b>
Recognizes savings of \$3.1 million GF/GP by transferring anti-depressant pharmaceutical payment funding of \$86.7 million gross (\$37.8 million GF/GP) from Pharmaceutical Services line to Health Plan Services line; increasing payments to health plans is expected to generate an additional \$5.5 million QAAP revenue and \$3.2 million federal Medicaid revenue, saving \$3.1 million GF/GP. (Sec. 269)	Federal	124,475,700
	Restricted	116,117,500
	GF/GP	(\$20,632,600)
		<b>\$5,598,500</b>
<b>19. Copayments Expansion</b>	<b>Gross</b>	<b>N/A</b>
Recognizes savings of \$300,000 gross (\$130,900 GF/GP) to increase hospital emergency room copayment from \$3 to \$6. (Sec. 1631)	Federal	N/A
	GF/GP	N/A
		<b>(\$300,000)</b>
<b>20. Health Information Technology Initiative</b>	<b>Gross</b>	<b>\$0</b>
Authorizes \$9.5 million gross (\$7.3 million GF/GP) to finance health care information technology initiatives. (Secs. 1760 and 1763)	Federal	0
	GF/GP	\$0
		<b>\$9,500,000</b>
<b>21. Personal Care Supplement Increase</b>	<b>Gross</b>	<b>\$23,344,800</b>
Increases the Medicaid personal care supplement paid to adult foster care facilities and homes for the aged by \$10 per month. (Sec. 1746)	Federal	13,210,800
	GF/GP	\$10,134,000
		<b>\$852,000</b>
<b>22. Medicaid Physician Rates Well Child and Primary Care Procedures Rate Increase</b>	<b>Gross</b>	<b>N/A</b>
Provides \$16.6 million for an increase in Medicaid reimbursement rates for physician well child procedure codes and primary care procedure codes. (Sec. 1636)	Federal	N/A
	GF/GP	N/A
		<b>\$16,623,600</b>

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b>FY 2005-06 YTD (as of 2/10/06)</b>	<b>Enacted Change From YTD</b>
<b>23. Specialized Case Management Program</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$10,000,000)</b>
Recognizes savings from implementation of a specialized case management program targeting the highest cost Medicaid patients. (Sec. 1756)	Federal	N/A	(5,638,000)
	GF/GP	N/A	(\$4,362,000)
<b>24. Graduate Medical Education</b>	<b>Gross</b>	<b>\$168,954,800</b>	<b>\$6,086,000</b>
Savings of \$3.3 million GF/GP are realized by transferring Graduate Medical Education (GME) program payments of \$100.0 million gross (\$43.6 million GF/GP) from the Hospital Services line to the Health Plan Services line; increasing payments to health plans is expected to generate an additional \$6.0 million QAAP revenue and \$3.4 million federal Medicaid revenue, saving \$3.3 million GF/GP. (Sec. 1740)	Federal	95,611,500	3,425,800
	Restricted	0	6,000,000
	GF/GP	\$73,343,300	(\$3,339,800)
<b>25. MIChild Premiums</b>	<b>Gross</b>	<b>(\$1,300,000)</b>	<b>(\$1,300,000)</b>
Increases the monthly premium for the MIChild program from \$5 to \$10. (Sec. 1673)	Federal	(903,100)	(903,100)
	GF/GP	(\$396,900)	(\$396,900)
<b>26. Pharmacy Quality Improvement Program</b>	<b>Gross</b>	<b>(\$9,214,500)</b>	<b>(\$4,146,300)</b>
Increases the savings associated with the Pharmacy Quality Improvement Program by \$4.1 million.	Federal	(5,214,500)	(2,337,700)
	GF/GP	(\$4,000,000)	(\$1,808,600)
<b>27. Family Planning Waiver Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$8,400,000)</b>
Includes savings from the family planning demonstration waiver that became effective on July 1, 2006. Plan First! is the name of this family planning Medicaid benefit program. Services are intended to help women reduce the incidence of closely spaced pregnancies and to decrease the number of unintended pregnancies.	Federal	0	1,600,000
	GF/GP	\$0	(\$10,000,000)
<b>28. Medicaid Caseload Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$17,760,000)</b>
Recognizes savings from changes in the Medicaid caseload in various program areas including the caretaker relative and 19- and 20-year old eligible populations.	Federal	N/A	(10,013,100)
	GF/GP	N/A	(\$7,746,900)

**Major Boilerplate Changes From FY 2005-06**

**Sec. 423. Funding for Substance Abuse Programs and Services – REVISED**

Specifies that DCH establish a Work Group to examine and review the source and expenditure of funds for substance abuse programs and services; requires the Work Group to develop and recommend cost-effective measures for the expenditure of funds and delivery of substance abuse programs and services.

**Sec. 450. Audit and Reporting Requirements for CMHSPs – REVISED**

Mandates that DCH implement the recommendations of the Work Group on streamlining the audit and reporting requirements for CMHSPs or specialty prepaid health plans by October 1, 2006.

**Sec. 460. Uniform Standards for Reporting of Administrative Costs by CMHSPs – REVISED**

Requires DCH to fully implement the uniform definitions, standards, and reporting of administrative costs by prepaid inpatient health plans (PIHPs), CMHSPs, and contracted organized provider systems that receive payment or reimbursements from PIHPs and CMHSPs by September 30, 2007.

**Sec. 468. Incorporation of Coordinating Agencies into CMH Authorities – NEW**

Requires DCH to recommend changes in its criteria for the incorporation of a city, county, or regional substance abuse coordinating agency into a local community mental health authority; allows DCH to make adjustments to address administrative costs related to the revised criteria, under certain conditions.

**Sec. 470. Integration of Mental Health and Substance Abuse Services – NEW**

Specifies that DCH establish written expectations, such as coordination and consolidation of administrative functions, for CMHSPs, PIHPs, coordinating agencies, and counties on the integration of mental health and substance abuse services for those coordinating agencies that have voluntarily incorporated into CMH authorities and accepted funding from DCH for administrative costs incurred when incorporating into authorities.

## **COMMUNITY HEALTH**

### **Major Boilerplate Changes From FY 2005-06**

#### ***Sec. 471. Administrative Costs for Coordinating Agencies – NEW***

Limits administrative costs for coordinating agencies and the Salvation Army Harbor Light Program to the same percentage of their total expenditures in FY 2004-05 or 9%, whichever is less.

#### ***Sec. 474. Guardianship for Recipients – NEW***

Requires DCH to ensure that each contract with a CMHSP or PIHP requires the CMHSP or PIHP to provide each recipient and his/her family with information regarding the different types of guardianship; expresses legislative intent that a CMHSP or PIHP does not attempt to reduce or restrict the ability of a recipient or his/her family from obtaining legal guardianship without just cause.

#### ***Sec. 804. Hepatitis C Cooperative Program With Department of Corrections – NEW***

Directs DCH to cooperate with Department of Corrections to share data and information regarding prisoners being released and Hepatitis C, related to the Michigan prisoner reentry initiative; and requires a report.

#### ***Sec. 805. Childhood Vaccinations – NEW***

Requires the Department to work with health plans, medical providers, and pharmaceutical manufacturers to ensure that children under age 5 receive all scheduled vaccinations, including pneumococcal conjugate vaccine.

#### ***Sec. 1113. Marital Status of Family Planning and Pregnancy Prevention Clients – NEW***

Requires family planning and pregnancy prevention service providers to include an optional response field on general patient information documents requesting information on a patient's marital status.

#### ***Sec. 1152. Lead Screening for Medicaid Children at WIC Sites – NEW***

Establishes that all Medicaid children participating in the special supplemental food program for women, infants, and children receive lead screening testing.

#### ***Sec. 1301. Crime Victim Assistance Services Grant Program – NEW***

Prohibits organizations receiving grant funds from the Crime Victim Services Commission from use of any portion of grant funds for lobbying efforts; Department must assure grant recipient compliance.

#### ***Sec. 1684. Home and Community-Based Services (HCBS) Administrative Expenses – REVISED***

Continues the FY 2005-06 requirement that the payment rate allocated for administrative expenses for HCBS waiver program be reduced by \$2.00 per person per day, and that savings realized by this action be reallocated to increase enrollment in waiver program. Requires report on the number of nursing home patients discharged who are subsequently enrolled in HCBS waiver program, and associated cost savings.

#### ***Sec. 1691. Adult Home Help Worker Wage Increase – NEW***

Provides that all adult home help workers receive a wage of at least \$7 per hour effective October 1, 2006, and that workers employed by a county which paid those workers at least \$7 per hour as of July 1, 2006, receive a wage increase of 50¢ per hour.

#### ***Sec. 1700. Actuarially Sound Capitation Rates – DELETED***

Requires DCH to consult with Michigan Association of Health Plans and develop a plan to assure that Medicaid payment rates to HMOs meet federal requirements for actuarially sound rates. (See new Sec.1764)

#### ***Sec. 1738. Medicaid Disproportionate Share (DSH) Cap Increase – NEW***

Requires DCH to explore ways of increasing the federal cap for DSH payments. If successful in raising the cap, the Department should consider additional DSH funding for county health plans and for trauma centers.

#### ***Sec. 1741. Nursing Home Interim Payments – NEW***

Requires DCH to continue to provide nursing homes the opportunity to receive interim payments upon their request and that that these payments are as similar to expected cost-settled payments as possible.

#### ***Sec. 1751. Diagnosis Related Group Rates Based on Fee-For-Service and Health Plan Costs – NEW***

Requires DCH to provide a report by April 1, 2007, on establishing Medicaid diagnosis related group rates based on fee-for-service and health plan costs.

#### ***Sec. 1752. Sharing of Third Party Liability Information With Health Plans – NEW***

Requires DCH to provide Medicaid health plans with any information that may assist the health plan in determining whether another party may be responsible for the payment of health care benefits.

**Major Boilerplate Changes From FY 2005-06**

***Sec. 1757. Medicaid Applicants Proving Legal Residence – NEW***

Requires DCH to direct the Department of Human Services to require Medicaid applicants to prove that they are residing legally in the United States.

***Sec. 1758. Emergency Services Only Medicaid Benefit Eligibles – NEW***

Requires DCH to provide a report by April 1, 2007, on the number of individuals who receive the emergency services only Medicaid benefit and the annual amount of expenditures on this population.

***Sec. 1761. Hospital QAAP Distribution of Payments Exceeding Upper Payment Limit – NEW***

Requires DCH to distribute Medicaid access to care initiative (MACI) payments that exceed hospitals' upper payment limits to hospitals that meet certain conditions, most likely rural hospitals.

***Sec. 1763. Electronic Exchange of Health Information Pilot Project – NEW***

Requires DCH to participate in a pilot project in Southeast Michigan related to the electronic exchange of health information. The project will be competitively bid.

***Sec. 1764. Annual Certification of Actuarial Soundness of Medicaid Health Plan Rates – NEW***

Requires DCH to annually certify that rates paid to Medicaid health plans are actuarially sound and to notify the House of Representatives, the Senate, and the fiscal agencies immediately upon rate certification and approval.

***Sec. 1767. Pharmacist Payment Report – NEW***

Requires DCH to evaluate and produce a report on the impact of the change in which the Medicaid program pays pharmacists for prescriptions from average wholesale price to average manufacturer price.

**CORRECTIONS**

**CORRECTIONS  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1084; Public Act 331 of 2006**

**Analyst: Marilyn B. Peterson**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,043,800	\$1,238,400	\$1,238,400	\$1,238,400	\$1,238,400	\$194,600	18.6
<b>Federal</b>	11,410,200	11,431,500	11,431,500	11,431,500	11,431,500	21,300	0.2
<b>Local</b>	411,700	420,900	420,900	420,900	420,900	9,200	2.2
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	66,590,000	68,775,700	68,775,700	68,775,700	68,775,700	2,185,700	3.3
<b>GF/GP</b>	1,790,650,700	1,865,555,000	1,865,555,000	1,835,555,000	1,858,555,000	67,904,300	3.8
<b>Gross</b>	<b>\$1,870,106,400</b>	<b>\$1,947,421,500</b>	<b>\$1,947,421,500</b>	<b>\$1,917,421,500</b>	<b>\$1,940,421,500</b>	<b>\$70,315,100</b>	<b>3.8</b>
<b>FTEs</b>	17,525.2	17,828.5	17,828.5	17,828.5	17,798.0	272.8	1.6
<b>Avg. Pop.</b>	50,945	51,490	51,490	51,490	51,490	545	1.1

Note: FY 2005-06 figures include results of supplementals and Executive Order (EO) actions through July 30, 2006; FY 2006-07 House figures are from HB 5796 as passed by the House May 24, 2006.

**Overview**

The Michigan Department of Corrections (MDOC) operates under the codification of correctional statutes established under Public Act 232 of 1953. The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, and a variety of offender programs both in prison and in the community. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

**FY 2005-06 YTD  
(as of 2/10/05)**      **Enacted Change  
From YTD**

**PRISON AND CAMP OPERATIONS**

**1. Camp Brighton Closure, Other Bed Count Changes**

Assumes closure of Camp Brighton (state's only prison camp for women) and conversion of Huron Valley technical rule violator center to a women's camp. Overall budget recognizes 545 beds more than in the current year, and funds those beds using funding from Inmate Housing Fund line item (which includes funds for Camp Brighton), St. Louis Correctional Facility, and consent decree funds for acute care units at Huron Valley. Additional FTEs recognize Huron Valley employees who transferred from Community Health to Corrections upon MDOC takeover of facility operations.

Beds	50,945	545
FTEs	N/A	456.8
<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
GF/GP	N/A	\$0

**2. Prisoner Transportation and Related Overtime Savings**

Assumes savings from videoconferencing instead of transporting prisoners to court dates, and combining off-site medical care runs.

<b>Gross</b>	<b>N/A</b>	<b>(\$4,533,400)</b>
GF/GP	N/A	(\$4,533,400)

**3. Middle Management Reductions**

Eliminates a total of 27.5 sergeant positions across 15 facilities. Statewide, there are about 550 sergeant positions.

FTEs	N/A	(27.5)
<b>Gross</b>	<b>N/A</b>	<b>(\$2,000,000)</b>
GF/GP	N/A	(\$2,000,000)

**4. Equipment and Special Maintenance**

Provides \$425,500 to upgrade electronic security equipment at various facilities, reflects one-time \$2.0 million fund shift to capital outlay for special maintenance; eliminates remaining \$54,000.

<b>Gross</b>	<b>\$2,054,000</b>	<b>(\$1,628,500)</b>
GF/GP	\$2,054,000	(\$1,628,500)

**CORRECTIONS**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD (as of 2/10/05)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>5. Corrections Security Inspectors</b>	FTEs	N/A (17.0)
Standardizes numbers of inspectors across Department, generally allocating one inspector per facility, for savings of \$1.5 million and 17.0 FTEs. Inspector responsibilities include checking for compliance with staffing and security protocols, conducting employee and prisoner investigations and disciplinary conferences, and handling union-management issues.	<b>Gross</b>	<b>N/A (\$1,500,000)</b>
	GF/GP	N/A (\$1,500,000)
<b>6. High-security Pay Adjustments</b>	<b>Gross</b>	<b>N/A (\$305,200)</b>
Recognizes savings by eliminating high-security pay for correctional transportation officers (\$207,000) and corrections officers at Riverside (\$98,200), where security levels were recently reduced.	GF/GP	N/A (\$305,200)
<b>PRISONER HEALTH AND MENTAL HEALTH CARE</b>		
<b>7. Hadix Consent Decree – Medical Services</b>	FTEs	138.0 0.0
Complies with Hadix court order by adding funding for six physicians to increase physician coverage at acute and ambulatory units at Jackson Complex; physician services provided through Correctional Medical Services, Inc. contract, which expires March 31, 2007.	<b>Gross</b>	<b>\$9,997,700 \$1,018,800</b>
	GF/GP	\$9,997,700 \$1,018,800
<b>8. DOJ Consent Decree – MDCH Mental Health Services</b>	<b>Gross</b>	<b>N/A \$471,700</b>
Funds additional MDCH outpatient treatment team to provide mental health services at Thumb Correctional Facility, which has absorbed 320 youthful offenders following closure of the Michigan Youth Correctional Facility in Baldwin.	GF/GP	<b>N/A \$471,700</b>
<b>9. Clinical Treatment Team, Thumb Correctional Facility</b>	FTEs	N/A 4.0
Adds clinical staff for Thumb Correctional Facility to accommodate increased programming and treatment needs following transfer of 320 youthful offenders from the now-closed Michigan Youth Correctional Facility in Baldwin; increase would support assaultive offender programming, sex offender programming, and additional testing and screening needs.	<b>Gross</b>	<b>N/A \$329,000</b>
	GF/GP	N/A \$329,000
<b>10. Case Review Nurse Practitioners</b>	FTEs	N/A 5.0
Increases funding for nurse consultants. Funding would support additional review of prisoner medical cases and enable Hadix-related case review standards to be met statewide.	<b>Gross</b>	<b>N/A \$457,300</b>
	GF/GP	N/A \$457,300
<b>FIELD OPERATIONS AND COMMUNITY PROGRAMS</b>		
<b>11. Global Positioning System (GPS) Tether</b>	FTEs	0.0 10.0
Provides \$1.7 million GF/GP for phased implementation of GPS electronic monitoring for selected offenders.	<b>Gross</b>	<b>\$0 \$1,670,500</b>
	GF/GP	\$0 \$1,670,500
<b>12. Parole/Probation Special Operations ("Joshua Project")</b>	<b>Gross</b>	<b>\$500,000 \$800,000</b>
Funds expansion of program, currently limited to one precinct, that supports joint operations between law enforcement and parole and probation agents.	GF/GP	\$500,000 \$800,000
<b>13. Field Operations Reorganization</b>	FTEs	1,976.4 (33.2)
Requires further savings from ongoing reorganization of field operations which began in FY 2005-06 with reductions to central office staff for savings of \$1.1 million. Eliminates 79.5 regional office administrative and management positions to generate FY 2006-07 savings of \$6.3 million; these savings, however, would be offset by \$3.6 million to fund 46.3 additional field officer FTEs for net reductions of 33.2 FTEs and \$2.7 million.	<b>Gross</b>	<b>\$138,549,100 (\$2,731,000)</b>
	Restricted	16,338,500 0
	GF/GP	\$122,210,600 (\$2,731,000)

**CORRECTIONS**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD (as of 2/10/05)</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>14. Community Re-entry Centers</b>	FTEs	N/A (68.3)
Creates new Community Re-entry Centers line item to reflect changes in community programs occurring under truth-in-sentencing and Michigan Prisoner Re-Entry Initiative; uses existing funding and FTE authorization from line items for Corrections Centers and Technical Rule Violator Program, and eliminates those lines; funds Community Re-entry Centers at \$14.3 million (\$14.0 million GF/GP) and 48.0 FTEs; eliminates \$271,600 of \$372,300 restricted revenue associated with Corrections Centers, and all but one of 69.3 FTEs associated with Technical Rule Violator Program.	<b>Gross</b>	<b>N/A (\$271,600)</b>
	Restricted	N/A (271,600)
	GF/GP	N/A \$0
<b>MISCELLANEOUS ADJUSTMENTS</b>		
<b>15. New Officer Training and State Police Billings</b>	<b>Gross</b>	<b>\$3,577,300 \$8,824,400</b>
Increases funding for new officer training by \$7.8 million, to fund an estimated 650 new corrections officers to fill current and anticipated vacancies; Executive recommends an additional \$1.0 million GF/GP for costs of using the state police training facility.	GF/GP	\$3,577,300 \$8,824,400
<b>16. Supplementary Operational Expenditures</b>	<b>Gross</b>	<b>\$17,840,700 (\$4,000,000)</b>
Eliminates \$4.0 million to recognize that jail capacity grant programs would not go forward absent changes in sentencing guidelines; distributes \$13.8 million remainder for FY 2005-06 contractual salary increases and pre-existing costs of dry cleaning allowances (this line supports FY 2005-06 1.5% wage and salary increases, costs of contractual obligations for dry cleaning allowances to corrections officers, and various grant programs that Executive recommended in FY 2005-06 to assist counties with jail crowding problems).	GF/GP	\$17,840,700 (\$4,000,000)
<b>17. Central Office Reorganization</b>	FTEs	N/A (3.0)
Recognizes savings gained through elimination of three central office executive positions.	<b>Gross</b>	<b>N/A (\$412,600)</b>
	GF/GP	N/A (\$412,600)
<b>18. Public Works Revenue</b>	<b>Gross</b>	<b>N/A \$0</b>
Anticipates additional \$216,000 in restricted revenue through recently-implemented 50% increase in public works user fees (from \$10 to \$15 per worker per day); uses to offset GF/GP. Increased use of public works crews on MDOT projects to provide additional \$2.0 million in restricted revenue to offset GF/GP.	Restricted	N/A 2,216,000
	GF/GP	N/A (\$2,216,000)
<b>19. Outpatient Substance Abuse Treatment</b>	<b>Gross</b>	<b>\$18,220,900 \$496,000</b>
Increases funding for substance abuse testing and treatment to accommodate costs anticipated under new outpatient treatment service contracts, which are to be re-bid during FY 2005-06.	Federal	1,822,800 0
	GF/GP	\$16,398,100 \$496,000
<b>20. Jail Services Unit</b>	FTEs	0.0 4.0
Restores funding for the jail services unit, which the current-year budget assumed would be transferred to the Department of Labor and Economic Growth. The unit reviews jail plans and inspects jails for compliance with statutory and promulgated jail standards, and has remained with the Department of Corrections.	<b>Gross</b>	<b>\$0 \$612,000</b>
	IDG/IDT	0 165,000
	GF/GP	\$0 \$447,000
<b>21. Human Resources Adjustments</b>	FTEs	N/A (7.0)
Incorporates \$248,400 reduction in human resources service center user charges, \$29,600 reduction due to DCH human resources savings being passed on through the associated consent decree line, and an additional reduction of \$506,800 and 7.0 FTEs.	<b>Gross</b>	<b>N/A (\$784,400)</b>
	GF/GP	N/A (\$784,400)

<u>Major Budget Changes From FY 2005-06 YTD Appropriations</u>		FY 2005-06 YTD (as of 2/10/05)	Enacted Change From YTD
<b>22. Information Technology</b>	<b>Gross</b>	<b>\$14,076,000</b>	<b>\$1,758,700</b>
Includes \$1,098,700 for new servers for the Offender Management Network Information (OMNI) system, MDOC's centralized system of offender data; includes \$660,000 for a time computation module to complete the migration from Correctional Management Information System (CMIS), the old mainframe-based offender information system, to OMNI.	Restricted	534,700	0
	GF/GP	\$13,541,300	\$1,758,700
<b>23. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$83,226,400</b>
Includes economic adjustments of \$83.2 million (\$81.5 million GF/GP), of which \$651,900 (\$633,600 GF/GP) is for DIT.	IDG/IDT	N/A	29,600
	Federal	N/A	21,300
	Local	N/A	9,200
<ul style="list-style-type: none"> <li>• \$36,328,100 gross, \$35,547,700 GF/GP for salaries/wages</li> <li>• \$13,633,100 gross, \$13,341,400 GF/GP for insurances</li> <li>• \$32,057,900 gross, \$31,370,600 GF/GP for retirement</li> <li>• \$100 gross and GF/GP for building occupancy charges</li> <li>• \$154,700 gross and GF/GP (down \$800,000 from Exec.) for food</li> <li>• \$2,157,500 gross and GF/GP for fuel/utilities</li> <li>• \$1,105,000 decrease gross and GF/GP for worker's compensation</li> </ul>	Restricted	N/A	1,699,300
	GF/GP	N/A	\$81,467,000

### Major Boilerplate Changes From FY 2005-06

#### **Sec. 409. Recidivism Report**

Requires recidivism report; to include information on historical recidivism rates and cross-state comparisons.

#### **Sec. 605. Parole and Probation Agent Workload Study – REVISED**

Updates language pertaining to now-completed parole and probation agent workload study, requiring departmental response and report.

#### **Sec. 607. Parole and Probation Special Operations ("Joshua Project") – REVISED**

Expresses legislative intent for Department to cooperate with law enforcement agencies in assigning field agents for parole/probation special operations (under which agents, escorted by law enforcement, make unscheduled after-hours checks to verify offenders' whereabouts and activities in selected precincts of Detroit). Revisions broaden language to include other "collaborative efforts to reduce crime, particularly violent and gun-related crime," and to allocate \$500,000 to Department of Attorney General for Joshua Project costs.

#### **Sec. 608. GPS Tether – NEW**

Adds requirement for report on new global positioning system (GPS) tether program.

#### **Sec. 909. Hepatitis C and Coordination with MDCH – NEW**

Adds requirement for MDOC to work with MDCH on process of data and information sharing regarding hepatitis C and prisoners being released from prison.

#### **Sec. 1001. Smoking Areas – REVISED**

Exempts areas that house prisoners with special medical needs from requirement for MDOC to provide smoking areas.

#### **Sec. 1007. Academic/Vocational Report – REVISED**

Adds requirement for response to August 2005 auditor general report on MDOC education programs, and retains other reporting requirements pertaining to prisoner academic and vocational programs.

#### **Sec. 1008. GED and Recidivism Report**

Requires report on offender educational history, GED completion rates, and impact of GED completion on offender recidivism.

**HUMAN SERVICES  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 10; Public Act 345 of 2006**

**Analysts: Bob Schneider, Bill Fairgrieve**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,109,800	\$1,102,700	\$1,102,700	\$1,102,700	\$3,102,700	\$1,992,900	179.6
<b>Federal</b>	3,236,593,300	3,147,908,300	3,145,059,800	3,149,774,900	3,135,487,200	(101,106,100)	(3.1)
<b>Local</b>	53,676,200	55,939,500	52,939,500	55,894,400	55,519,400	1,843,200	3.4
<b>Private</b>	8,918,600	9,914,100	9,914,100	9,914,100	8,876,100	(42,500)	(0.5)
<b>Restricted</b>	71,801,900	66,868,600	66,868,600	67,468,700	67,702,000	(4,099,900)	(5.7)
<b>GF/GP</b>	1,127,678,400	1,190,533,200	1,150,320,600	1,187,681,500	1,197,467,900	69,789,500	6.2
<b>Gross</b>	<b>\$4,499,778,200</b>	<b>\$4,472,266,400</b>	<b>\$4,426,205,300</b>	<b>\$4,471,836,300</b>	<b>\$4,468,155,300</b>	<b>(\$31,622,900)</b>	<b>(0.7)</b>
<b>FTEs</b>	10,384.2	10,283.7	10,248.7	10,117.7	10,343.4	(40.8)	(0.4)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2005.

**Overview**

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care, and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. Finally, the DHS is responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

**1. Jobs, Education and Training Program Expansion**

Increases funding for additional staff related to expanding existing Jobs, Education and Training (JET) pilot projects, which increase engagement of long-term Family Independence Program (FIP) recipients in work activities to achieve boosted federal work participation rate; funding covers eligibility specialists, JET coordinators, management/support staff, and support services from DHS, DLEG, and Michigan Works!

	FY 2005-06 YTD	Enacted Change From YTD
FTE	22.0	146.0
<b>Gross</b>	<b>\$1,398,500</b>	<b>\$23,539,700</b>
Federal	0	7,187,500
GF/GP	\$1,398,500	\$16,352,200

**2. JET Pilot Savings within FIP Program**

Reflects anticipated FIP assistance savings from expanding JET pilot project to reduce FIP benefits from increased employment income of clients, increased case closures due to income, fewer case re-openings due to better employment retention, and increased 90-day sanction under JET pilot project for clients in noncompliance.

<b>Gross</b>	<b>(\$1,698,500)</b>	<b>(\$25,741,400)</b>
Federal	0	(4,743,500)
GF/GP	(\$1,698,500)	(\$20,997,900)

**3. Other FIP Policy Changes**

Reflects adjustments for other FIP policy changes; includes \$7.2 million savings from payment standard consolidation proposal, \$4.4 million in new costs related to increasing earned income disregard in JET pilot to \$200 plus 50% of earned income; and \$460,000 in costs for implementing Transitional FIP program (\$10 monthly payment for six months).

<b>Gross</b>	<b>\$392,021,800</b>	<b>(\$2,326,800)</b>
Federal	157,592,900	(428,600)
Restricted	50,210,700	0
GF/GP	\$184,218,200	(\$1,898,200)

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>4. Short Term Family Support Program</b>	<b>Gross</b>	<b>\$392,021,800</b>	<b>(\$5,456,400)</b>
Assumes about \$5.5 million in FIP savings from implementing Short Term Family Support Program, which provides lump-sum \$1,500 benefit to qualifying family groups who agree to forego FIP benefits for at least four months; program would target potential FIP applicants with high degree of work-readiness; savings would accrue if program avoids longer term FIP benefit payments through use of upfront, lump-sum payment.	Federal	157,592,900	(1,005,100)
	Restricted	50,210,700	0
	GF/GP	\$184,218,200	(\$4,451,300)
<b>5. FIP Fund Shift and State-Funded FIP Benefits</b>	<b>Gross</b>	<b>\$392,021,800</b>	<b>\$0</b>
Replaces \$78.0 million of TANF funding with GF/GP for FIP program; new GF/GP would help overcome anticipated FY 2006-07 TANF shortfall; \$50.0 million of the new GF/GP would fund new state-funded cash benefits (the \$50.0 million would not be counted toward state maintenance of effort requirements, so recipients under the new state-funded component of the program would not be counted in federal work participation requirements).	Federal	157,592,900	(78,000,000)
	Restricted	50,210,700	0
	GF/GP	\$184,218,200	\$78,000,000
<b>6. Day Care Funding for JET Pilot Project</b>	<b>Gross</b>	<b>\$467,375,600</b>	<b>\$11,706,300</b>
Increases funds for day care services by \$11.7 million to account for increased day care needs resulting from JET pilot expansion; assumes 1,960 additional day care cases in the fiscal year; increase offset by minimum wage impact.	Federal	300,399,900	0
	GF/GP	\$166,975,700	\$11,706,300
<b>7. Impact of Minimum Wage Increase</b>	<b>Gross</b>	<b>\$859,397,400</b>	<b>(\$18,060,200)</b>
Reduces appropriation for day care services by \$12.6 million and FIP by \$5.5 million due to state minimum wage increase, which will increase income for working public assistance recipients, thereby reducing benefit levels or eliminating eligibility for assistance.	Federal	457,992,800	(1,010,300)
	Restricted	50,210,700	0
	GF/GP	\$351,193,900	(\$17,049,900)
<b>8. Funding Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Replaces \$15.3 million in federal appropriations from the Social Services Block Grant with GF/GP to help offset expected FY 2006-07 shortfall in SSBG revenue; SSBG revenue primarily supports local office staffing costs for social services workers.	Federal	N/A	(15,300,000)
	GF/GP	N/A	\$15,300,000
<b>9. Local Office Staffing – Child Protective Services Workers</b>	FTE	N/A	56.2
Increases funding for child protective services workers by \$1.8 million and redirects \$1.9 million from within the existing budget for this purpose; funding will support 51 additional child protective services workers (7% increase over existing staff levels in this area); conference committee added \$350,000 for audio/video recording equipment and \$358,800 for five additional licensing positions to conduct high-risk investigations regarding abuse and neglect.	<b>Gross</b>	<b>N/A</b>	<b>\$4,393,800</b>
	Federal	N/A	1,656,000
	GF/GP	N/A	\$2,737,800
<b>10. State Child Support Incentive Payments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Adds \$1.0 million to support restoring incentive payments to local Friend of the Court offices; incentives to be based on performance in collecting child support on behalf of public assistance recipients.	Federal	0	0
	GF/GP	\$0	\$1,000,000
<b>11. General Foster Care Rate Increase</b>	<b>Gross</b>	<b>\$206,905,000</b>	<b>\$1,624,100</b>
Provides 5% increase in general foster care rate paid to child placing agencies.	Federal	94,687,700	750,200
	Local	24,538,000	204,900
	Private	3,840,600	0
	GF/GP	\$83,838,700	\$669,000

**HUMAN SERVICES**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>	
<b>12. Marriage and Fatherhood Initiatives</b>	<b>Gross</b>	<b>\$1,450,000</b>	<b>\$4,200,000</b>
Provides funds for marriage, fatherhood, and family-related programs; recent federal budget reconciliation legislation included \$150.0 million in annual Healthy Marriage and Family funding for distribution to states; DHS budget anticipates sufficient funds to replace current \$1.45 million in TANF; conference committee adds additional \$2.75 million in TANF support.	TANF	1,450,000	2,750,000
	Other Fed	0	1,450,000
	GF/GP	\$0	\$0
<b>13. Budgetary Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,000,000)</b>
Requires \$1.0 million in unspecified GF/GP budgetary savings to be determined by DHS and State Budget Office and approved by Legislature through legislative transfer process.	GF/GP	N/A	(\$1,000,000)
<b>14. Other Program Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>\$718,500</b>
Includes \$200,000 for MSU Kinship Care Resource Center, \$126,500 for Grand Rapids Youth Commonwealth after-school and summer youth programs, \$100,000 for the statewide 2-1-1 phone system, \$122,000 to support 3% contract increase for homeless and runaway youth programs, and \$170,000 increase for food stamp outreach and homeless prevention programs.	Federal	N/A	326,500
	GF/GP	N/A	\$392,000
<b>15. Child Care Fund Caseload</b>	<b>Gross</b>	<b>\$173,737,900</b>	<b>\$21,262,100</b>
Increases Child Care Fund appropriation by \$21.3 million to reflect anticipated FY 2007 caseload and cost increase; program funds state share of costs of caring for abused/neglected youth and delinquent youth that are court wards; significant caseload increase is expected as fewer cases are eligible for federal Title IV-E funds.	Federal	84,791,400	1,778,500
	GF/GP	\$88,946,500	\$19,483,600
<b>16. Child Support – State Disbursement Unit (SDU)</b>	<b>Gross</b>	<b>\$13,670,100</b>	<b>\$4,790,700</b>
Restores some appropriations removed in FY 2005-06 budget for SDU; SDU contractor is responsible for collecting and distributing child support throughout the state; cost savings were overestimated in recently re-bid contract; adjustment reduces appropriations to cover currently-estimated costs.	Restricted	8,600,500	3,161,900
	GF/GP	\$5,069,600	\$1,628,800
<b>17. Information Technology – Bridges Project</b>	<b>Gross</b>	<b>\$5,500,000</b>	<b>\$5,500,000</b>
Increases funding by 100% for Integrated Service Delivery project ("Bridges") which will re-engineer and integrate eligibility and case management computer systems; project goal is to increase DHS computer system efficiency and reduce workload of social services workers.	Federal	2,750,000	2,750,000
	GF/GP	\$2,750,000	\$2,750,000
<b>18. Michigan Community Service Commission (MCSC)</b>	FTE	0.0	6.0
Transfers commission appropriation into DHS from DLEG; MCSC oversees federal, state, and private grant funding to support local volunteerism/community service initiatives, including AmeriCorps and Volunteer Investment Grants.	<b>Gross</b>	<b>\$0</b>	<b>\$9,391,900</b>
	Federal	0	7,427,100
	Private	0	980,300
	GF/GP	\$0	\$984,500
<b>19. Departmentwide Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$41,246,300</b>
Adds \$41.2 million for incurred Department economic increases; includes FY 2006-07 employee salary and wage increase of 3.5% for classified employees and increases for retirement, insurance, and rent/building occupancy costs.	GF/GP	N/A	\$18,480,700

**Major Boilerplate Changes From FY 2005-06**

**GENERAL SECTIONS**

***Sec. 281. Reporting on Administrative Law Decisions – NEW***

Requires DHS to provide a quarterly summary of final decisions and recommendations rendered by state administrative law judges, managers, and officers for cases under jurisdiction of DHS.

**ADULT AND FAMILY SERVICES**

***Sec. 423. Crisis Prevention/Food for the Elderly Allocations – REVISED***

Allocates funds authorized for Crisis Prevention/Food for the Elderly line item; provides \$20,000 increase for MiCAFE, \$75,000 for Barry County domestic violence programs, \$25,000 each for senior food aid projects in Kent and Muskegon Counties, and \$50,000 each for Washtenaw County and City of Lansing homeless prevention programs.

**CHILD AND FAMILY SERVICES**

***Sec. 546. General Foster Care Rate Increase – NEW***

Stipulates that the general foster care rate (paid to child placing agencies) will increase to \$19.40 per day; funds provided in Foster Care Payments and Wayne County Foster Care Payments line items to cover this increase.

***Sec. 556. Adoption Subsidy Reporting – NEW***

Requires DHS to report on its compliance with certain provisions of federal Title IV-E regarding adoption subsidies, including compliance with notification requirements, requests from adoptive parents for training support, and the number and outcomes of fair hearing requests regarding adoption subsidies.

***Sec. 559. Applicability of Federal Adoption Subsidy Law – NEW***

Establishes that provisions of federal Title IV-E law prevail whenever such provisions come into conflict with state law or with DHS policies or rules.

***Sec. 560. Child Protective Services Equipment Purchases – NEW***

Requires DHS to expend \$350,000 to equip current and new child protective services workers with digital audio/video recorders; requires that at least one recorder be housed in each district office; establishes legislative intent regarding use and purpose of the audio/video recorders.

***Sec. 562. Use of Title IV-E Funds for Secure Residential Placements – NEW***

Requires DHS to consider allowing counties to submit claims for federal Title IV-E funding for youth placements in secure residential facilities when a county can demonstrate the reason for the secure placement is diagnosed medical necessity and not public protection.

***Sec. 565. Wayne County Allocation of Family Preservation Funding – NEW***

Directs DHS to allocate up to \$2.0 million to Wayne County to provide home-based programs as part of a county expansion of community-based services; one half of allocation is to serve adjudicated youth and one-half is to serve abused/neglected youth.

**PUBLIC ASSISTANCE**

***Sec. 609. State SSI Supplementation – REVISED***

Requires 30-day notice to the Legislature before any proposed reduction in state SSI supplementation levels.

***Sec. 613. Indigent Burial Pilot Project – REVISED***

Establishes indigent burial statewide pilot project beginning January 1, 2007; if DHS and funeral establishment representatives determine that continued implementation will lead to excessive demands on funds, DHS will notify House and Senate Appropriations Subcommittees that the project is suspended and program payment standards revert to FY 2005-06 levels.

***Sec. 618. Suspension/Termination of Public Assistance – REVISED***

Lists conditions under which public assistance can be reduced, suspended, or terminated without prior notice. Revisions address new situations: 1) recipient is no longer resident of Michigan; 2) recipient is closed on one case to be activated on another; 3) certain federal payments are increased or are initiated; 4) recipient is disqualified for intentional program violation; and 5) a DHS negative action is upheld in an administrative hearing.

***Sec. 620. Food Assistance Appropriation – NEW***

Allows DHS, with approval of State Budget Director and after notification to subcommittee chairs, to increase appropriation for food assistance program if projected caseload spending will exceed current appropriation.

**HUMAN SERVICES**

**Major Boilerplate Changes From FY 2005-06**

***Sec. 679. Long-Term FIP Recipients Pilot Program – DELETED***

Requires DHS to implement pilot program aimed at long-term recipients in FIP; specifies pilot program is not to weaken work participation requirements or sanctions for noncompliance; pilot is to include recommendations to reduce number of recipients having received cash assistance for more than 48 months; report required on policies established through pilot program.

***Sec. 681. Food Assistance Distribution – NEW***

Requires DHS to implement policy changes in distribution of food assistance program benefits to address stakeholder concerns; change is to seek a more uniform distribution of benefits across any given month; requires report by December 1, 2006.

**CHILD SUPPORT ENFORCEMENT**

***Sec. 901. Child Support Incentive Payments – REVISED***

Revises federal child support incentive payment allocation between the state and counties; provides \$12.0 million to state and \$14.5 million to counties, with any excess revenue being retained by the state; if revenue falls below estimated level, counties and state incur prorated reduction from earmarked levels; current law allows state to retain up to \$15.4 million incentive payment revenue and provides that if incentive payment revenue exceeds amount retained by state, then local match supplement for counties eliminated in the budget be restored on prorated basis; additional revenue beyond that needed to restore full supplement would be subject to legislative appropriation.

***Sec. 907. Use of Collection Agency for Child Support Arrearages – NEW***

Requires DHS, in cooperation with the State Court Administrative Office, to establish a pilot program to examine the effectiveness of contracting with a public or private collection agency; restricted revenue raised through such a pilot could not be expended until DHS and representatives of county Friend of the Court offices met and agreed on recommendations for use of the revenue.

**FY 2006-07  
Budget Detail  
for  
LABOR AND  
ECONOMIC GROWTH**

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**Labor and Economic Growth  
Michigan Strategic Fund**

**LABOR AND ECONOMIC GROWTH  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 12; Public Act 345 of 2006**

**Analyst: Richard Child**

	FY 2005-06 YTD as of 2/10/06	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$10,743,800	\$20,485,800	\$11,207,000	\$12,271,100	\$23,485,800	\$12,742,000	118.6
<b>Federal</b>	787,078,700	795,345,800	795,345,800	795,345,800	795,345,800	8,267,100	1.1
<b>Local</b>	15,738,200	15,824,300	15,824,300	15,824,300	15,824,300	86,100	0.5
<b>Private</b>	2,310,300	2,314,300	2,314,300	2,314,300	2,314,300	4,000	0.2
<b>Restricted</b>	329,877,200	344,219,300	344,006,800	343,000,700	347,069,300	17,192,100	5.2
<b>GF/GP</b>	38,078,900	47,436,700	48,216,800	48,802,200	47,436,700	9,357,800	24.6
<b>Gross</b>	<b>\$1,183,827,100</b>	<b>\$1,225,626,200</b>	<b>\$1,216,915,000</b>	<b>\$1,217,558,400</b>	<b>\$1,231,476,200</b>	<b>\$47,649,100</b>	<b>4.0</b>
<b>FTEs</b>	4,214.0	4,297.0	4,266.0	4,265.0	4,297.0	83.0	2.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through February 10, 2006.

**Overview**

The Department of Labor and Economic Growth (DLEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. Programs of the Michigan Strategic Fund (MSF), an autonomous agency administered by the Michigan Economic Development Corporation (MEDC), were transferred to Department of Treasury by 2005 PA 225.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD (as of 2/10/06)	Enacted Change From YTD
<b>1. Fire Protection Grants</b>	<b>Gross</b>	<b>\$7,210,500</b>	<b>\$3,700,000</b>
Increases fire protection grants to FY 2005 funding level.	Restricted	7,210,500	0
	GF/GP	\$0	\$3,700,000
<b>2. Reed Act Work First Funds</b>	<b>Gross</b>	<b>\$6,300,000</b>	<b>(\$650,000)</b>
Replaces expired federal Reed Act Work First funding with GF/GP, resulting in net reduction of \$650,000.	Federal	6,300,000	(6,300,000)
	GF/GP	\$0	\$5,650,000
<b>3. Reduce Michigan Broadband Development Authority</b>	FTE	13.0	(11.0)
Recognizes anticipated end of lending program, and reduces staff size to number needed for existing loans.	<b>Gross</b>	<b>\$1,588,200</b>	<b>(\$1,093,400)</b>
	Restricted	1,588,200	(1,093,400)
<b>4. FY 2007 Economic Increases</b>	<b>Gross</b>	<b>\$0</b>	<b>\$18,602,900</b>
Includes contractual 3.5% wage increases, 6.4% employee benefit increases, and \$17.4 million pension increases; provides \$0.4 million increase for building occupancy charges for use of state-owned buildings and \$0.8 million for self-insured worker's compensation; rent paid to third parties for office space does not increase.	IDG	0	551,500
	Federal	0	8,484,800
	Private	0	4,000
	Local	0	86,100
	Restricted	0	8,773,400
	GF/GP	\$0	\$703,100
<b>5. Net Increase in Federal Program/Grant Funding</b>	<b>Gross</b>	<b>\$0</b>	<b>\$5,760,000</b>
Provides \$2.0 million increase in workforce development training for the disabled; adds \$5.0 million Section 8 housing/rental assistance payments administered by Michigan State Housing Development Authority; eliminates \$1.2 million for various federal grant programs that have ended.	Federal	0	5,760,000

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD (as of 2/10/06)</u></b>	<b><u>Enacted Change From YTD</u></b>	
<b>6. <i>Jobs, Education and Training (JET) Program</i></b>	<b>Gross</b>	<b>\$0</b>	<b>\$12,278,800</b>
Adds \$12.3 million from DHS grant to provide additional program support for Work First program and 31.0 FTEs; JET pilot program is intended to remove barriers to employment for welfare recipients.	IDG	0	12,278,800
<b>7. <i>Additional Staffing for Minimum Wage Inquiries</i></b>	<b>Gross</b>	<b>\$0</b>	<b>\$312,600</b>
Adds \$0.3 million and 4.0 FTEs to handle inquiries regarding Michigan's new minimum wage law.	Restricted	0	312,600

**Major Boilerplate Changes From FY 2005-06**

***Sec. 310. Fire Safety Programs – REVISED***

Recognizes newly-created Bureau of Fire Services; operations of all fire safety programs (Office of Fire Marshal, Firefighters Training Council, and Fire Safety Division) are fully funded; fund sources are IDGs from Community Health and State Police, federal funds, corporation fees, fire service fees, and securities fees.

***Sec. 319. Prohibition of Professional Employer Organization Special Rules – NEW***

Prohibits use of appropriated funds to develop rules, guidelines, standards, etc., governing professional employer organizations (PEOs) that are more stringent than currently prescribed by statute; defines PEOs using definition from Michigan Single Business Tax Act.

***Sec. 341. Consumer Finance Fees Appropriated to General Fund – NEW***

Appropriates \$7.0 million in surplus consumer finance fee revenue to the General Fund.

***Sec. 355. Prohibition of Ergonomics Rule – REVISED***

Prohibits use of appropriated funds to develop ergonomics rules that are more stringent than voluntary federal guidelines; adds new report to the Legislature due March 7 and September 1, 2007, requiring disclosure of activities related to ergonomic rule promulgation.

***Sec. 357. Resumption of Printing of Real Estate Reference Books – NEW***

Allocates \$50,000 of appropriation for commercial services to resume printing the Red Book which contains real estate laws and regulations.

***Sec. 372. Report of Administrative Law Judge Decisions – NEW***

Requires annual report to the Legislature summarizing decisions of Administrative Law Judges concerning Office of Financial and Insurance Services (OFIS); report is to be prepared by OFIS.

***Sec. 373. Report Number of Inquiries Concerning Michigan's Minimum Wage Law – NEW***

Requires annual report for FY 2005-06 and quarterly report for FY 2006-07 of the number of inquiries from employers and employees concerning Michigan's new minimum wage law.

***Sec. 405. Welfare Recipient Work Requirements – REVISED***

Reflects changes in federal welfare recipient work participation requirements.

***Secs. 501 – 530. MEDC-Related Boilerplate Sections – DELETED***

Deletes sections related to MSF and its administrative arm, the MEDC, due to transfer to Department of Treasury under 2005 PA 225.

**MICHIGAN STRATEGIC FUND  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 13; Public Act 345 of 2006**

**Analyst: Richard Child**

	FY 2005-06 YTD as of 1/30/06	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$78,600	\$78,600	\$78,600	\$78,600	\$78,600	\$0	0.0
Federal	48,021,800	47,687,000	47,687,000	47,687,000	47,687,000	(\$334,800)	(0.7)
Local	0	0	0	0	0	0	0.0
Private	700,000	700,000	700,000	700,000	700,000	0	0.0
Restricted	5,000	5,000	5,000	1,005,000	5,000	0	0.0
GF/GP	31,290,900	32,009,200	32,009,200	29,609,200	32,009,200	718,300	2.3
<b>Gross</b>	<b>\$80,096,300</b>	<b>\$80,479,800</b>	<b>\$80,479,800</b>	<b>\$79,079,800</b>	<b>\$80,479,800</b>	<b>\$383,500</b>	<b>0.5</b>
FTEs	190.0	152.0	152.0	152.0	152.0	(38.0)	(20.0)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Michigan Strategic Fund (MSF), an autonomous agency, has been transferred to the Department of Treasury under 2005 PA 225. The MSF's programs, also transferred to Treasury, are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan.

<b>Major Budget Changes From FY 2005-06 YTD Appropriations</b>	FY 2005-06 YTD (as of 2/10/06)	Enacted Change From YTD
<b>FY 2007 Economics</b>	<b>Gross</b>	<b>\$0</b>
Funds 3.5% contractual pay increases, 6.4% increase in employee benefits, increases in retirement, building occupancy for space in state-owned buildings, and self-insured worker's compensation.	Federal	89,200
	GF/GP	\$730,500
	<b>Gross</b>	<b>\$819,700</b>

**Major Boilerplate Changes From FY 2005-06**

**Secs. 1016 – 1017. Legislative Oversight Requirements – RESTORED**

Requires MEDC to work with the Office of Auditor General to develop and implement procedures to audit the numbers of jobs claimed to be created by MEDC grant recipients; requires report on number of MEDC employees with annual salary in excess of \$80,000, including job title and duties (previously Sections 528–529).

**Sec. 1018. Tourism Advertising Return on Investment – NEW**

Requires MEDC to contract with a state research university in Michigan to conduct a scientific study of the return on investment of state tourism advertising expenditures; requires report to Legislature by January 31, 2007.

**Sec. 1019. Michigan Economic Growth Authority (MEGA) Tax Credits for Leased Employees – NEW**

Requires firms otherwise eligible for MEGA tax credits to qualify if employees hired for new jobs created are leased from a professional employer organization (PEO); language defining PEOs is identical to current language in the Michigan Single Business Tax Act.

**FY 2006-07  
Budget Detail  
for**

**RESOURCE PROTECTION**

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**Agriculture  
Environmental Quality  
Natural Resources**

**AGRICULTURE  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 1; Public Act 345 of 2006**

**Analyst: William E. Hamilton**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$10,368,200	\$10,382,700	\$10,382,700	\$10,382,700	\$10,382,700	\$14,500	0.1
<b>Federal</b>	33,680,700	22,757,000	22,757,000	23,700,000	23,700,000	(9,980,700)	(29.6)
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	138,700	183,800	183,800	183,800	183,800	45,100	32.5
<b>Restricted</b>	47,977,100	48,399,000	48,549,000	48,449,000	48,449,000	471,900	1.0
<b>GF/GP</b>	28,887,700	30,062,500	32,821,500	30,438,300	30,913,300	2,025,600	7.0
<b>Gross</b>	<b>\$121,052,400</b>	<b>\$111,785,000</b>	<b>\$114,694,000</b>	<b>\$113,153,800</b>	<b>\$113,628,800</b>	<b>(\$7,423,600)</b>	<b>(6.1)</b>
<b>FTEs</b>	697.0	696.0	706.0	696.0	696.0	(1.0)	(0.1)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 12, 2006;  
FY 2005-06 YTD figures reflect adjustments to current year made in Senate Bill 242;  
FY 2006-07 Senate figures are from Senate Bill 1080.

**Overview**

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Statistical Reporting Service (Executive)</b>	<b>Gross</b>	<b>\$345,600</b>	<b>\$30,400</b>
Reflects \$19,600 net GF/GP decrease (adds \$15,400 for economic increases, reduces baseline by \$35,000); adds \$50,000 Agriculture Equine Industry Development Fund (AEIDF) for equine survey.	Restricted	0	50,000
	GF/GP	\$345,600	(\$19,600)
<b>2. Food Safety and Quality Assurance (Food and Dairy)</b>	FTEs	107.0	0.0
Reduces licensing and inspection fee revenue by \$500,000 to reflect actual revenue expected, and replaces with GF/GP; adds \$465,200 GF/GP for economic increases and \$475,000 GF/GP for program enhancements; unrolls Consumer and industry food safety education revenue as fund source.	<b>Gross</b>	<b>\$11,455,300</b>	<b>\$476,800</b>
	Federal	378,500	9,600
	Restricted	3,258,600	(523,000)
	GF/GP	\$7,818,200	\$990,200
<b>3. Animal Health and Welfare (Animal Industry)</b>	FTEs	22.5	0.0
Recognizes \$57,600 new federal Department of Agriculture revenue for emerging diseases and emergency management programs; eliminates Pseudorabies and swine brucellosis fund as fund source (\$15,600 reduction from current year).	<b>Gross</b>	<b>\$2,316,100</b>	<b>\$112,300</b>
	Federal	386,200	70,800
	Restricted	174,000	(10,800)
	GF/GP	\$1,755,900	\$52,300
<b>4. Bovine Tuberculosis (Animal Industry)</b>	FTEs	26.5	0.0
Reduces budgeted federal revenue to align with anticipated grant revenue; economic increases of \$103,200 funded from GF/GP (\$46,700) and state-restricted AEIDF (\$43,300) revenue.	<b>Gross</b>	<b>\$5,707,800</b>	<b>(\$130,400)</b>
	Federal	933,600	(220,400)
	Restricted	2,297,600	43,300
	GF/GP	\$2,476,600	\$46,700

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>5. Pesticide and Plant Pest Management</b>	FTEs 119.8	0.0
Includes \$460,700 gross for economic increases and \$300,000 GF/GP to support fruit and vegetable inspection program.	<b>Gross \$12,965,300</b>	<b>\$460,700</b>
	Federal 3,613,100	131,500
	Restricted 4,503,400	163,900
	Private 138,700	5,100
	GF/GP \$4,710,100	\$160,200
<b>6. Emerald Ash Borer Program</b>	FTEs 112.0	(0.0)
Reflects continuing reduction in federal support for this program.	<b>Gross \$23,660,600</b>	<b>(\$9,878,600)</b>
	Federal 23,660,600	(9,878,600)
<b>7. Michigan State University</b>	<b>Gross \$210,000</b>	<b>(\$210,000)</b>
Eliminates line for research/education on environmental protection plans for pesticide use; federal grant is no longer available.	Federal 210,000	(210,000)
<b>8. Environmental Stewardship</b>	FTEs 32.7	0.0
Adds \$350,000 GF/GP for the Conservation Reserve Enhancement Program (CREP) to address environmental issues of soil erosion, water quality, and wildlife habitat in rural Michigan; replaces DEQ work project funds which expired; adds \$103,200 GF/GP for economic increases.	<b>Gross \$2,713,100</b>	<b>\$442,200</b>
	IDG 253,600	8,500
	Federal 229,300	(3,600)
	Restricted 80,200	2,700
	GF/GP \$2,150,000	\$434,600
<b>9. Migrant Housing</b>	<b>Gross \$145,100</b>	<b>\$5,000</b>
Recognizes new federal revenue for migrant labor housing program (also added to current year budget in SB 242).	Federal 145,000	5,000
	GF/GP \$100	\$0
<b>10. Local Conservation Districts</b>	<b>Gross \$1,516,800</b>	<b>\$0</b>
Maintains current-year funding (\$19,200 per district) for 80 local conservation districts.	GF/GP \$1,516,800	\$0
<b>11. Laboratory Services</b>	FTEs 60.5	2.0
Transfers \$133,400 in Refined Petroleum Fund revenue and 2.0 FTEs from Consumer protection program line for motor fuel quality testing program; includes \$64,800 in economic increases; reflects additional federal grants identified by Department after budget development.	<b>Gross \$5,908,300</b>	<b>\$331,600</b>
	IDG 183,100	6,000
	Federal 904,400	11,800
	Restricted 2,116,000	(8,600)
	GF/GP \$2,704,800	\$322,400
<b>12. Consumer Protection Program</b>	FTEs 69.5	(2.0)
Transfers \$133,400 Refined Petroleum Fund revenue and 2.0 FTEs from Laboratory services; offset by \$198,200 economic increases.	<b>Gross \$4,883,800</b>	<b>\$64,800</b>
	Restricted 4,883,800	64,800
<b>13. Agriculture Development</b>	FTEs 5.0	0.0
Includes \$40,000 in private revenue to replace GF/GP; Department will request assistance from commodity commissions to help fund activities in support of those commissions.	<b>Gross \$868,800</b>	<b>\$33,000</b>
	Private 0	40,000
	Federal 199,000	7,500
	Restricted 450,700	3,800
	GF/GP \$219,100	(\$18,300)
<b>14. Export Market Development</b>	<b>Gross \$50,000</b>	<b>\$0</b>
Maintains current-year funding of \$50,000.	GF/GP \$50,000	\$0
<b>15. Horse Industry Programs</b>	<b>Gross \$13,844,800</b>	<b>\$0</b>
Appropriates \$13.8 million from AEIDF for lines in Fairs and expositions unit (includes \$12.2 million for various horse programs/purses/awards); funds for lines unchanged from current year except proposed rollup of Quarterhorse programs into Licensed tracks—light horse racing; includes \$963,200 Building and track improvements—county and state fairs and \$700,000 Distribution of outstanding winning tickets line, both unchanged from current year.	Restricted 13,844,800	0

**AGRICULTURE**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>16. Office of Racing Commissioner</b>	FTEs 31.7	0.0
Includes \$240,000 State Services Fee revenue from Department of Treasury to reflect transfer of pari-mutuel racetrack audit function; adds no FTEs; Department states function is performed by contract auditors; remainder of increase reflects economic adjustments.	<b>Gross \$3,296,400</b>	<b>\$347,700</b>
	Restricted 3,296,400	347,700
<b>17. Economics</b>	<b>Gross N/A</b>	<b>\$2,545,200</b>
Provides \$2.5 million (net) for economic increases, including salaries and wages, insurance, retirement contributions, and building occupancy; negotiated salary/wage increases represent 3.5% of base salary/wages; increases are reflected in various Department operating lines, including \$68,200 for information technology.	IDG N/A	14,500
	Federal N/A	411,300
	Private N/A	5,100
	Restricted N/A	951,900
	GF/GP N/A	\$1,162,400

**Major Boilerplate Changes From FY 2005-06**

**Sec. 225. MSU Agriculture and Livestock Education Pavilion – NEW**

Indicates legislative intent that the Department, in conjunction with interested parties, explore opportunities to expand MSU Pavilion for Agriculture and Livestock Education.

**Sec. 227. Return of Investment Report – NEW**

Requires report on real and potential return on investment for Department programs.

**Sec. 302(2). Notification of Inspection Fee Changes – REVISED**

Provides for notification 30 days prior to proposing changes in fees authorized under Section 302 or the Market Conditions Act of 1915.

**Sec. 304(2). Fuel Inspection Program Report – NEW**

Specifies reporting requirement for fuel inspection program.

**Sec. 604. Local Conservation Districts**

Provides \$19,200 per local conservation districts reflecting part 1 appropriation (same as FY 2005-06).

**Secs. 707 and 708. Julian-Stille Grants – NEW**

Directs Department to give due consideration to diversity of Michigan agriculture in awarding grants from Agricultural Development Fund created under the Julian-Stille value-added act; provides spending authority for Julian-Stille grants.

**Sec. 709. Grape and Wine Council – NEW**

Specifies reporting requirement for Grape and Wine Council.

**Sec. 710. Marketing Programs – NEW**

Authorizes Department to match external funding for domestic and international marketing programs.

**ENVIRONMENTAL QUALITY  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1086; Public Act 343 of 2006**

**Analyst: Kirk Lindquist**

IDG/IDT	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
	\$18,031,100	\$18,233,600	\$18,233,600	\$18,233,600	\$18,233,600	\$202,500	1.1
<b>Federal</b>	145,518,000	140,338,500	140,338,500	140,338,500	140,338,500	(5,179,500)	(3.6)
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	450,000	450,000	450,000	450,000	450,000	0	0.0
<b>Restricted</b>	260,915,100	217,878,000	218,913,000	180,212,000	251,144,000	(9,771,100)	(3.7)
<b>GF/GP</b>	31,809,600	33,328,400	34,028,400	32,894,400	33,828,400	2,018,800	6.3
<b>Gross</b>	<b>\$456,723,800</b>	<b>\$410,228,500</b>	<b>\$411,963,500</b>	<b>\$372,128,500</b>	<b>\$443,994,500</b>	<b>(\$12,729,300)</b>	<b>(2.8)</b>
<b>FTEs</b>	1,573.2	1,567.7	1,570.7	1,567.7	1,567.7	(5.5)	(0.3)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of Department's annual revenue is collected from permits and licenses.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Underground Storage Tank Cleanup</b>	<b>Gross</b>	<b>\$102,000,000</b>	<b>(\$80,000,000)</b>
Removes one-time Refined Petroleum Fund revenue for storage tank cleanup (\$45.0 million initial program support), and reduces funding to reflect expected revenue; FY 2005-06 appropriations reimbursed owners/operators for cleanup costs.	Restricted	102,000,000	(80,000,000)
<b>2. Strategic Water Quality Initiatives Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$40,000,000</b>
Provides communities grants to prepare loan applications for waste water infrastructure and nonpoint source control projects.	Restricted	0	40,000,000
<b>3. Contaminated Site Investigation/Cleanup Program</b>	<b>Gross</b>	<b>\$21,702,200</b>	<b>\$0</b>
Adjusts program fund sources; Cleanup Redevelopment Fund no longer supports expenses; current support includes \$2.0 million GF/GP and \$1.0 million Environmental Protection Fund.	Private	150,000	0
	Restricted	21,552,200	(2,000,000)
	GF/GP	\$0	\$2,000,000
<b>4. Environmental Cleanup and Redevelopment Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$21,100,000</b>
Provides authorization for sites included in boilerplate Section 705, supported by CMI Response Fund (\$5.6 million) and Environmental Protection Bond Fund (\$15.5 million) revenue.	Restricted	0	21,100,000
<b>5. Brownfield Grants and Loans</b>	<b>Gross</b>	<b>\$0</b>	<b>\$8,811,000</b>
Provides support to community and brownfield redevelopment authorities for committed redevelopment projects.	Restricted	0	8,811,000
<b>6. Drinking Water Grants</b>	<b>Gross</b>	<b>\$113,053,500</b>	<b>(\$6,073,600)</b>
Reduces federal support to reflect expected grant level; GF/GP reduced to reflect matching requirements.	Federal	85,000,000	(5,000,000)
	Restricted	21,200,000	0
	GF/GP	\$6,853,500	(\$1,073,600)

**ENVIRONMENTAL QUALITY**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>7. Water Withdrawal Law Implementation</b>	<b>Gross</b>	<b>\$0</b>	<b>\$605,000</b>
Provides funds for database management, permitting, enforcement, and groundwater studies.	Restricted	0	105,000
	GF/GP	\$0	\$500,000
<b>8. Wastewater Treatment System Plan Review</b>	FTEs	98.1	(4.0)
Eliminates four engineer positions that review plans and issue permits for new wastewater treatment systems.	<b>Gross</b>	<b>\$15,281,200</b>	<b>(\$367,500)</b>
	Federal	3,916,400	0
	Restricted	8,077,700	0
	GF/GP	\$3,287,100	(\$367,500)
<b>9. Clean Michigan Initiative Administrative Support</b>	<b>Gross</b>	<b>\$21,702,200</b>	<b>\$0</b>
Shifts administration fund sources (most of 3% CMI bond set-aside for program administration has been spent); Contaminated Site Investigation Program support is replaced by \$1.9 million from Environmental Protection Fund.	Private	150,000	0
	Restricted	21,552,200	0
<b>10. Land and Water Management Permit Fees</b>	<b>Gross</b>	<b>\$12,750,200</b>	<b>\$0</b>
Reflects shift between restricted fund sources (\$1.6 million from permit fees to Environmental Protection Fund); insufficient revenue exists to cover division regulatory programs; shift is possible due to FY 2005-06 supplemental transferring \$7.0 million from Community Pollution Prevention Fund to Environmental Protection Fund.	IDG	908,100	0
	Federal	3,292,300	0
	Restricted	3,286,000	0
	GF/GP	\$5,263,800	\$0
<b>11. Manufactured Housing Fees</b>	<b>Gross</b>	<b>\$16,052,700</b>	<b>(\$633,300)</b>
Eliminates deduct for Manufactured Housing Fees; legislation to increase these fees has not been enacted.	Federal	9,620,200	0
	Restricted	4,649,300	(633,300)
	GF/GP	\$1,783,200	\$0
<b>12. Contaminated Sediments – City of St. Clair Shores Lange/Revere Canals</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
Provides support to local cleanup efforts in Anchor Bay.	Restricted	0	500,000
<b>13. Water Supply Wells – City of St. Louis</b>	<b>Gross</b>	<b>\$0</b>	<b>\$300,000</b>
Provides funds to develop new water supply wells for City of St. Louis (boilerplate Section 703).	Restricted	0	300,000
<b>14. Muskegon County Wetlands Restoration – VETOED</b>	<b>Gross</b>	<b>\$0</b>	<b>\$200,000</b>
Provides funds to establish a wetland on Little Black Creek (boilerplate Section 1104).	Restricted	0	200,000
<b>15. Office of Environmental Ombudsman – VETOED</b>	<b>Gross</b>	<b>\$0</b>	<b>\$200,000</b>
Establishes IDG to Legislative Council for new office to resolve conflicts from environmental regulations or enforcement actions.	GF/GP	\$0	\$200,000
<b>16. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,777,800</b>
Provides support for negotiated civil service 3.5% wage increase, retirement plan contributions, and employer share of health insurance premiums.	IDG		175,300
	Federal		1,275,800
	Restricted		3,227,900
	GF/GP	N/A	\$1,098,800

**Major Boilerplate Changes From FY 2005-06**

**Sec. 222. Permit Program Benchmark Studies – NEW**

Establishes stakeholder panel to study permit process comparing DEQ permit programs to permit programs of other Great Lakes states.

**Sec. 226. Cost Allocation Plan for Administration (Restricted Funds) – NEW**

Requires Department to develop a cost allocation plan for use of restricted funds in its administrative units; plan may be phased in over three fiscal years.

**Sec. 227. Oil or Alternative Fuels Refinery Permits – NEW**

Expedites permit processing related to a proposed oil or alternative fuels refinery.

**Sec. 229. Agricultural Groundwater Discharge – VETOED**

Prohibits enforcement of discharge limitations on farms not found to have discharges to Michigan waters.

**Sec. 503. Permit Compliance Guides – NEW**

Requires guides for fruit and vegetable producers to assist with rule compliance.

**Sec. 504. Community Outreach Pilot Program – NEW**

Provides funds for a portable community outreach module for enhanced community awareness of environmental issues that may have local impact.

**Sec. 602. Beach Grooming – NEW**

Requires a report on beach grooming practices.

**Sec. 705. Cleanup Site List – NEW**

Provides a list of sites to be cleaned up with funds appropriated in Part 1.

**Sec. 903. Groundwater Use Rule Promulgation – DELETED**

Directs Department to not promulgate rules regarding groundwater use or withdrawal unless it implements provisions of 2003 Parts 148 and 177.

**Sec. 1001. Solid Waste Disposal Facility Inspections – DELETED**

Requires periodic inspections of Michigan disposal sites receiving out-of-state solid waste.

**NATURAL RESOURCES  
Summary of FY 2006-07 Enacted Appropriations  
Senate Bill 1094; Public Act 344 of 2006**

**Analyst: Kirk Lindquist**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$3,691,200	\$3,765,900	\$3,765,900	\$3,765,900	\$3,765,900	\$74,700	2.0
<b>Federal</b>	41,930,200	42,964,300	42,964,300	42,964,300	42,964,300	1,034,100	2.5
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	2,090,100	2,125,100	2,125,100	3,125,100	3,125,100	1,035,000	49.5
<b>Restricted</b>	207,336,400	213,043,300	213,317,300	215,915,400	213,188,300	5,851,900	2.8
<b>GF/GP</b>	25,943,200	25,119,600	26,269,600	24,792,500	25,269,600	(673,600)	(2.6)
<b>Gross</b>	<b>\$280,991,100</b>	<b>\$287,018,200</b>	<b>\$288,442,200</b>	<b>\$290,563,200</b>	<b>\$288,313,200</b>	<b>\$7,322,100</b>	<b>2.6</b>
<b>FTEs</b>	2,079.5	2,093.4	2,092.4	2,092.4	2,092.4	12.9	0.6

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.*

**Overview**

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and state parks and forest campgrounds.

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>1. Marine Safety Grants – Federal Grant Increase</b>	<b>Gross</b>	<b>\$2,805,000</b>	<b>\$1,470,000</b>
Reflects federal U.S. Coast Guard grant available to county sheriffs for lake safety and watercraft enforcement activity on inland lakes.	Federal	0	1,470,000
	Restricted	2,805,000	0
<b>2. Marine Safety Enforcement Program</b>	<b>Gross</b>	<b>\$27,111,100</b>	<b>\$1,470,000</b>
Reflects federal U.S. Coast Guard grant funds available to purchase equipment for inland lakes and Great Lakes enforcement activity.	Federal	3,895,600	1,470,000
	Restricted	21,073,500	0
	GF/GP	\$2,142,000	\$0
<b>3. State Park Camping Fees</b>	<b>Gross</b>	<b>\$41,289,500</b>	<b>\$3,500,000</b>
Acknowledges increased funding for state park operations available through the latest increase in camping fees.	Federal	113,800	0
	Private	344,200	0
	Restricted	40,831,500	3,500,000
<b>4. Forest Fire Protection Funding Shift</b>	<b>Gross</b>	<b>\$10,421,400</b>	<b>\$0</b>
Shifts funding from GF/GP to Forest Development Fund for fire suppression on non-state lands.	Federal	824,200	0
	Restricted	4,653,000	1,500,000
	GF/GP	\$4,944,200	(\$1,500,000)
<b>5. Accessibility Grants – State Parks</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Authorizes receipt and expenditure of Kellogg Foundation grant to improve state park access for disabled persons.	Private	0	1,000,000
<b>6. Jackson County – Cascades Park – VETOED</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
Adds new line to remove a wall and perform necessary maintenance.	Federal	0	500,000
<b>7. Payments in Lieu of Taxes – Purchased Lands</b>	<b>Gross</b>	<b>\$5,050,000</b>	<b>\$350,000</b>
Provides full funding for payments in lieu of property taxes to local taxing authorities.	Restricted	2,700,000	0
	GF/GP	\$2,350,000	\$350,000

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>8. National Recreational Trails Grants</b>	<b>Gross</b>	<b>\$1,850,000</b>	<b>\$300,000</b>
Increases federal grant program to develop and maintain recreational trails.	Private	50,000	0
	Federal	1,800,000	300,000
<b>9. Kalamazoo River Dam Removal – VETOED</b>	<b>Gross</b>	<b>\$17,232,000</b>	<b>\$2,000,000</b>
Provides funds for removal of three dams from the Kalamazoo River: Otsego, Plainwell, and Trowbridge Dams.	Federal	3,618,500	0
	Private	109,700	0
	Restricted	13,503,800	2,000,000
<b>10. Wildlife Management – Sportsmen Against Hunger</b>	<b>Gross</b>	<b>\$24,567,800</b>	<b>\$250,000</b>
Includes newly-enacted program in Wildlife appropriation.	Federal	10,029,800	0
	Private	108,500	0
	Restricted	12,692,200	250,000
	GF/GP	\$1,737,300	\$0
<b>11. Cormorant Control</b>	<b>Gross</b>	<b>\$0</b>	<b>\$150,000</b>
Supports cormorant population mitigation efforts.	GF/GP	\$0	\$150,000
<b>12. Bay City State Park Docks</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
Ensures appropriation to install floating docks and barrier-free access at Bay City State Park (boilerplate Section 708).	Restricted	0	100,000
<b>13. Petoskey Breakwater – VETOED</b>	<b>Gross</b>	<b>\$0</b>	<b>\$400,000</b>
Funds necessary repairs to Petoskey Breakwater Pier (boilerplate Section 709).	Restricted	0	400,000
<b>14. Chappel Dam Maintenance – VETOED</b>	<b>Gross</b>	<b>\$0</b>	<b>\$300,000</b>
Provides Game and Fish Protection funding to maintain this water control dam in Gladwin County.	Restricted	0	300,000
<b>15. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,472,800</b>
Provides support for negotiated civil service 3.5% wage increase, retirement plan contributions, and employer share of health insurance premiums.	IDG		74,700
	Federal		734,100
	Private		35,000
	Restricted		5,192,700
	GF/GP	N/A	\$436,300

**Major Boilerplate Changes From FY 2005-06**

**Sec. 218. Aircraft Use – NEW**

Prohibits use of state aircraft by higher education institutions, legislative staff, or local government employees.

**Sec. 219. Deprived and Depressed Communities – NEW**

Ensures businesses in economically depressed areas can compete for state contracts.

**Sec. 301. Project F.I.S.H. – NEW**

Requires a cost benefit analysis of the collaborative project to increase the number of anglers.

**Sec. 406. Turkey License Sales – DELETED**

Provides for sale of turkey licenses not allotted before the beginning of the season.

**Sec. 502. Cormorant Population Control – NEW**

Directs \$150,000 contract with U.S. Department of Agriculture be spent in areas most affected by the double-crested cormorant.

**Sec. 706. Island Lake Shooting Range – NEW**

Requires an engineering study for site modifications to mitigate sound problems at shooting range.

**Sec. 707. Access Sites on Inland Lakes – NEW**

Requires plan to expand public access to Michigan inland lakes.

**NATURAL RESOURCES**

**Sec. 804. Forest Finance Authority Project – NEW**

Requires report on planned use, expenditure, and steps taken by the Authority related to \$26.0 million appropriation from the 21<sup>st</sup> Century Jobs Trust Fund.

**Sec. 1104. ORV Trail Development – NEW**

Requires expenditure of \$980,000 to develop new ORV trails.

**FY 2006-07  
Budget Detail  
for**

**SAFETY AND DEFENSE**

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**Military and Veterans Affairs  
State Police**

**MILITARY AND VETERANS AFFAIRS  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 14; Public Act 345 of 2006**

**Analyst: Jan Wisniewski**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,656,800	\$1,664,600	\$1,664,600	\$1,664,600	\$1,664,600	\$7,800	0.5
<b>Federal</b>	51,793,800	51,190,700	51,190,700	51,450,700	51,450,700	(343,100)	(0.7)
<b>Local</b>	0	1,253,100	0	1,253,100	1,253,100	1,253,100	100.0
<b>Private</b>	1,355,800	1,366,300	1,366,300	1,441,300	1,441,300	85,500	6.3
<b>Restricted</b>	27,579,500	26,202,700	26,202,700	26,452,700	26,452,700	(1,126,800)	(4.1)
<b>GF/GP</b>	37,789,100	40,640,200	41,893,300	40,757,500	40,640,200	2,851,100	7.5
<b>Gross</b>	<b>\$120,175,000</b>	<b>\$122,317,600</b>	<b>\$122,317,600</b>	<b>\$123,019,900</b>	<b>\$122,902,600</b>	<b>\$2,727,600</b>	<b>2.3</b>
<b>FTEs</b>	1,023.0	1,022.0	1,022.0	1,022.0	1,022.0	(1.0)	(0.1)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of Military and Veterans Affairs (DMVA) is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the Governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities as well as several National Guard-related programs such as the Challenge Program and the National Guard Education Assistance Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

<b>Major Budget Changes From FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD</b>	<b>Enacted Change From YTD</b>
<b>1. Departmentwide Accounts – Military Retirement</b>	<b>Gross</b>	<b>\$1,656,800</b>	<b>\$166,800</b>
Provides 3.4% cost of living increase due to federal requirements.	GF/GP	\$390,400	\$166,800
<b>2. Challenge Program</b>	<b>Gross</b>	<b>\$4,035,900</b>	<b>\$500,000</b>
Shifts School Aid funding to replace GF/GP to support two 150-pupil classes.	Restricted	100,000	1,253,100
	GF/GP	\$753,100	(\$753,100)
<b>3. Grand Rapids Veterans Home – Restricted Fund Offset</b>	<b>Gross</b>	<b>\$45,416,700</b>	<b>\$0</b>
Provides GF/GP to offset a reduction in restricted funds.	Restricted	16,041,400	(1,200,000)
	GF/GP	\$14,052,800	\$1,200,000
<b>4. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,992,400</b>
Provides funding for employee economic adjustments.	IDG	NA	7,800
	Federal	NA	1,653,500
	Private	NA	10,500
	Restricted	NA	42,200
	GF/GP	NA	\$2,278,400
<b>5. Starbase Grant</b>	<b>Gross</b>	<b>\$846,600</b>	<b>\$53,400</b>
Appropriates \$53,400 in federal funds.	Federal	846,600	53,400
<b>6. Grand Rapids Veterans Home – Board of Managers</b>	<b>Gross</b>	<b>\$598,300</b>	<b>\$66,700</b>
Includes \$75,000 in private funds and a reduction (\$8,300) in restricted funds.	Private	340,000	75,000
	Restricted	258,300	(8,300)

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>7. D. J. Jacobetti Veterans Home – Board of Managers</b>	<b>Gross</b>	<b>\$235,700</b>	<b>\$39,300</b>
Provides \$39,300 in restricted funds.	Restricted	110,700	39,300

**Major Boilerplate Changes From FY 2005-06**

**Sec. 501. Veterans Service Organizations Service Redundancy – REVISED**

Sets criteria for grants to Veterans Service Organizations; adds new subsection requiring identification of redundant services among veterans service organizations.

**Sec. 703. Veterans Trust Fund Annual Report – REVISED**

Specifies report requirements; deletes all references to Veterans Survivors Tuition Program and adds language to report efforts to restore the Veterans Trust Fund corpus to \$50.0 million.

**STATE POLICE  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 17; Public Act 345 of 2006**

**Analyst: Jan Wisniewski**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$20,736,300	\$22,642,400	\$22,642,400	\$22,642,400	\$22,642,400	\$1,906,100	9.2
<b>Federal</b>	184,031,900	181,013,300	169,013,300	169,305,000	169,305,000	(14,726,900)	(8.0)
<b>Local</b>	6,597,900	8,088,900	8,088,900	8,088,900	8,088,900	1,491,000	22.6
<b>Private</b>	75,000	80,300	80,300	80,300	80,300	5,300	7.1
<b>Restricted</b>	111,572,500	111,373,200	111,373,200	111,373,200	119,873,200	8,300,700	7.4
<b>GF/GP</b>	235,861,600	255,298,700	259,298,700	255,298,700	249,298,700	13,437,100	5.7
<b>Gross</b>	<b>\$558,875,200</b>	<b>\$578,496,800</b>	<b>\$570,496,800</b>	<b>\$566,788,500</b>	<b>\$569,288,500</b>	<b>\$10,413,300</b>	<b>1.9</b>
<b>FTEs</b>	2,900.0	2,903.0	2,903.0	2,903.0	2,903.0	3.0	0.1

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of State Police (DSP) provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department’s responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards (MCOLES) and administration of several law enforcement-related grant programs.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. Michigan Justice Training Fund (MJTF)</b>	<b>Gross</b>	<b>\$11,102,100</b>	<b>\$0</b>
Shifts administrative costs from the MJTF to GF/GP for administration of MJTF grants; replaces MJTF with \$126,200 GF/GP in Executive Direction line and \$1,773,800 GF/GP in the Justice Training Grants line.	Restricted	11,102,100	(1,900,000)
	GF/GP	\$0	\$1,900,000
<b>2. At-Post Troopers and Trooper School Funding</b>	<b>Gross</b>	<b>\$121,088,200</b>	<b>\$10,314,100</b>
Replaces \$2.0 million in restricted funds with GF/GP to cover shortfall in Traffic Law Enforcement and Safety Fund; adds an economic adjustment of \$7,814,100 GF/GP; adds \$8.5 million in restricted funds from State Services Fee Fund to Traffic Law Enforcement and Safety Fund and reduces GF/GP by \$6.0 million, resulting in \$2.5 million to fund a trooper school in FY 2006-07.	Restricted	46,754,400	6,500,000
	GF/GP	\$74,333,800	\$3,814,100
<b>3. Human Resources Service Center User Charges</b>	<b>Gross</b>	<b>\$88,600</b>	<b>\$85,000</b>
Provides increased fees for Human Resources Optimization user charges.	Restricted	2,600	17,000
	GF/GP	\$86,000	\$68,000
<b>4. Management Services – Consolidate Gaylord and Bridgeport Regional Dispatch Centers</b>	<b>Gross</b>	<b>\$2,596,300</b>	<b>(\$240,000)</b>
Eliminates \$240,000 GF/GP for consolidation of Gaylord and Bridgeport Regional Dispatch Centers to increase Department efficiencies.	GF/GP	\$2,318,500	(\$240,000)

<b>Major Budget Changes From FY 2005-06 YTD Appropriations</b>	<b>FY 2005-06 YTD</b>	<b>Enacted Change From YTD</b>
<b>5. Savings Via Agency Attrition</b>	FTEs	NA (17.0)
Savings due to expected attrition of 17.0 FTEs in various line items.	<b>Gross</b>	<b>(\$1,721,700)</b>
	Federal	(25,500)
	Restricted	(35,200)
	GF/GP	(\$1,661,000)
<b>6. School Bus Inspections Fund Shift</b>	<b>Gross</b>	<b>\$1,284,800</b>
Replaces GF/GP with School Aid Fund; local school districts will pay for school bus inspections with School Aid funds.	Local	0 1,284,800
	GF/GP	(\$1,284,800)
<b>7. Federal/State Restricted Authorization Increase</b>	<b>Gross</b>	<b>NA \$3,100,300</b>
Increases revenue authorization in various line items; includes \$1.0 million in local subscriber fees for Michigan Public Safety Communications System, \$1.0 million in reimbursed services for training academy costs from Department of Corrections, and \$600,000 in reimbursed services provided to governmental and non-governmental organizations.	IDG	NA 1,000,000
	Federal	NA 200,000
	Local	NA 1,000,000
	Private	NA 63,800
	Restricted	NA 836,500
<b>8. Federal/State Restricted Authorization Decrease</b>	<b>Gross</b>	<b>NA (\$3,068,000)</b>
Reduces federal and state restricted authorization in various line items; includes decreases of \$1.1 million for a Commercial Vehicle Information Systems Network grant which expired, \$1.0 million in federal Department of Justice authorization to reflect actual collections, and \$728,500 for an expired federal toxicology grant.	Federal	NA (3,018,700)
	Restricted	NA (49,300)
<b>9. State Restricted Authorization Increase</b>	<b>Gross</b>	<b>NA \$7,065,300</b>
Increases state restricted authorization for several new programs in various line items including \$3.6 million for the Auto Theft Prevention Program and \$3.0 million for the Criminal Justice Information Center due to increases in fingerprinting services.	Restricted	NA 7,065,300
<b>10. Economic Adjustments</b>	<b>Gross</b>	<b>NA \$20,308,500</b>
Provides funding for employee economic adjustments.	IDG	NA 918,000
	Federal	NA 1,125,800
	Local	NA 207,700
	Private	NA 5,300
	Restricted	NA 1,146,800
	GF/GP	NA \$16,904,900
<b>11. Disaster Assistance</b>	<b>Gross</b>	<b>\$12,000,000 (\$12,000,000)</b>
Eliminates federal funding added for FY 2005-06 for Michigan's Hurricane Katrina relief efforts.	Federal	12,000,000 (12,000,000)

**Major Boilerplate Changes From FY 2005-06**

**Sec. 218. Trooper School Requirement – REVISED**

Requires a trooper school to commence no later than August 15, 2007, with a goal of not less than 50 graduates.

**Sec. 225. Michigan Justice Training Fund – REVISED**

States legislative intent that Justice Training Grant funds within MCOLES be used solely for grant delivery.

**Sec. 226. State, Local, and Regional Communication Interoperability Plans – NEW**

Requires Department to work with DIT to encourage tactical interoperable radio communication plans between local, regional, state, and federal agencies.

**Sec. 227. Prohibit Transporting Employees on State Aircraft – NEW**

Prohibits Department from transporting employees of higher education institutions, legislators and staff, and local government employees on state-owned aircraft except for law enforcement or homeland security activities.

**STATE POLICE**

**Major Boilerplate Changes From FY 2005-06**

***Sec. 229. State Police Retirement System – NEW***

Provides that unexpended and unencumbered funds from Department's current-year appropriated budget may be used for the State Police retirement system for retirees who accrued overtime from 1957 through 1963.

***Sec. 230. Trooper School Funding – NEW***

Provides that unexpended and unencumbered funds from Department's current year appropriated budget may be used for a new trooper school, provided that the objectives in Sec. 229 are fulfilled.

***Sec. 232. MCOLES Certified Officers for Trooper School – NEW***

Emphasizes recruitment of MCOLES certified local level police officers for the trooper recruit school.

***Sec. 308. LEIN Fee Increase Reporting – NEW***

Requires Department to report any changes in the LEIN fee structure to Appropriations Subcommittees.

***Sec. 902. State Services Fee Fund Transfer – NEW***

Provides \$8.5 million in surplus FY 2006-07 State Services Fee Fund revenue appropriated to Traffic Law Enforcement and Safety Fund.

***Sec. 1102. Methamphetamine Reporting – NEW***

Requires Department to provide methamphetamine incidence reports to Appropriations Committees.

**FY 2006-07  
Budget Detail  
for  
ALL OTHERS**

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**Capital Outlay  
History, Arts, and Libraries  
Judiciary  
Transportation**

**CAPITAL OUTLAY**

**CAPITAL OUTLAY  
FY 2006-07**

**Analyst: Al Valenzio**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$2,000,000	\$2,000,000					
<b>Federal</b>	156,852,600	147,974,300					
<b>Local</b>	20,784,200	12,648,300					
<b>Private</b>	0	0					
<b>Restricted</b>	93,593,900	53,350,300					
<b>GF/GP</b>	4,702,700	2,200					
<b>Gross</b>	<b>\$277,933,400</b>	<b>\$215,975,100</b>					
<b>FTEs</b>	0.0	0.0					

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.*

**Overview**

The Michigan Capital Outlay process encompasses the budgetary and administrative functions devoted to financing and planning for the acquisition, construction/renovation, and maintenance of facilities used by a state agency, public university, or community college. General operational practices and procedures are contained in the Management and Budget Act (1984 PA 431), the State Building Authority Act (1964 PA 183), the annual Capital Outlay Appropriations Act, and the formal policies of the Legislative Joint Capital Outlay Subcommittee. Act 431 contains numerous oversight and approval action steps that define the respective roles of the Executive and Legislative Branches.

The State Building Authority (SBA) finances most major state-owned facility renovations and new construction projects through issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill SBA rent line items. Rent is often referred to as "true" rent because it is based on the facility's economic or market value. The SBA has a statutory bonded indebtedness ceiling, currently set at \$2.7 billion.

**CAPITAL OUTLAY BUDGET INCOMPLETE AT TIME OF THIS REPORT**

**HISTORY, ARTS, AND LIBRARIES**  
**Summary of FY 2006-07 Enacted Appropriations**  
**House Bill 5796, Article 9; Public Act 345 of 2006**

Analyst: Al Valenzio

IDG/IDT	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$649,700	\$79,000	\$79,000	\$79,000	\$79,000	(\$570,700)	(87.8)
Federal	8,218,300	8,450,900	8,450,900	8,450,900	8,450,900	232,600	2.8
Local	0	0	0	0	0	0	0.0
Private	577,400	577,400	577,400	577,400	577,400	0	0.0
Restricted	2,583,600	2,781,200	2,581,200	2,581,200	2,581,200	(2,400)	(0.1)
GF/GP	41,821,900	42,800,200	43,675,200	42,242,900	43,175,200	1,353,300	3.2
<b>Gross</b>	<b>\$53,850,900</b>	<b>\$54,688,700</b>	<b>\$55,363,700</b>	<b>\$53,931,400</b>	<b>\$54,863,700</b>	<b>\$1,012,800</b>	<b>1.9</b>
FTEs	232.0	232.0	232.0	232.0	232.0	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan's Arts and Cultural Grants program; the Mackinac Island State Park Commission, which oversees operational activities at Mackinac Island State Park, Michilimackinac State Park, and Mill Creek State Park; the historical program, which includes historical museum system, historical publications, and archaeological, and lighthouse preservation activities; and the Library of Michigan, which assists public libraries statewide, and provides reference services to the public and the Legislative, Executive, and Judicial branches of state government.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD	Enacted Change From YTD
<b>1. State Aid to Libraries/Cooperative Libraries</b>	<b>Gross</b>	<b>\$11,827,100</b>	<b>\$315,900</b>
Combines line items and provides an increase of \$315,900.	GF/GP	\$11,827,100	\$315,900
<b>2. Building Occupancy Charges – Base Adjustments</b>	<b>Gross</b>	<b>\$2,746,100</b>	<b>\$180,900</b>
Adjusts for utility costs (last increased in FY 2001-02).	GF/GP	\$2,746,100	\$180,900
<b>3. Arts and Cultural Grants</b>	<b>Gross</b>	<b>\$10,460,200</b>	<b>(\$315,900)</b>
Provides a 3% reduction from current-year supplemented amount.	Federal	700,000	0
	GF/GP	\$9,760,200	(\$315,900)
<b>4. Historical Administration and Services</b>	<b>Gross</b>	<b>\$5,012,500</b>	<b>\$0</b>
Shifts fund source from restricted to GF/GP based on Statewide Cost Allocation Plan (SWCAP) charges.	IDG	145,900	(74,600)
	Restricted	107,700	(43,800)
	GF/GP	\$4,758,900	\$118,400
<b>5. Information Technology – Base Adjustment</b>	<b>Gross</b>	<b>\$790,700</b>	<b>\$120,100</b>
Adjusts for contract reductions built into FY 2005-06 budget that were overstated and are restored for this agency.	IDG	3,800	0
	Restricted	49,200	0
	GF/GP	\$737,700	\$120,100
<b>6. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,025,200</b>
Adjustments for salaries/wages, insurances, worker's compensation, retirement, and FICA.	IDG	N/A	3,900
	Federal	N/A	32,600
	Restricted	N/A	41,400
	GF/GP	N/A	\$947,300

**HISTORY, ARTS, AND LIBRARIES**

**Major Boilerplate Changes From FY 2005-06**

***Sec. 401(1)(c). Prioritization of Arts Grants – REVISED***

Directs Department to give priority to art and cultural projects that serve multiple counties or that leverage significant additional public or private investment; amended to also include projects that have “significant potential to increase tourism or attract or retain businesses or residents.”

***Sec. 401(3). Arts Grants Prohibitions – REVISED***

Prohibits Department from awarding grants for projects or activities that include displays of human waste on religious symbols, displays of sex acts, or depictions of flag desecration; adds new subdivision (b) to prohibit funding for projects or activities that do not directly fund these, but are in conjunction with an event or exhibition.

***Sec. 401(6). Possible Penalties – NEW***

Allows Department to withhold any remaining undistributed grant payments for a recipient who doesn't comply with subsection 3; recipient also may be disqualified from future grants for up to three years.

***Sec. 406. Program Goals/Outcomes Reporting – NEW***

Requires annual report detailing Department's success in achieving program goals/outcomes; including summary by program of performance according to established quantifiable measures of success.

***Sec. 408. Cultural and Ethnic Heritage Centers – NEW***

Defines cultural and ethnic heritage centers and museums; allows Michigan Council for Arts and Cultural Affairs to make awards to these institutions.

**JUDICIARY**  
**Summary of FY 2006-07 Enacted Appropriations**  
**House Bill 5796, Article 11; Public Act 345 of 2006**

Analyst: Marilyn B. Peterson

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: Enacted From FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$2,563,500	\$2,563,500	\$2,563,500	\$2,563,500	\$2,563,500	\$0	0.0
<b>Federal</b>	3,926,400	3,926,400	4,126,400	4,626,400	4,626,400	700,000	17.8
<b>Local</b>	3,419,100	3,612,400	3,612,400	3,612,400	3,612,400	193,300	5.7
<b>Private</b>	842,500	842,500	842,500	842,500	842,500	0	0.0
<b>Restricted</b>	87,165,900	87,178,500	87,178,400	87,178,500	87,178,500	12,600	0.0
<b>GF/GP</b>	157,614,500	160,125,400	161,025,400	158,520,100	160,604,800	2,990,300	1.9
<b>Gross</b>	<b>\$255,531,900</b>	<b>\$258,248,700</b>	<b>\$259,348,600</b>	<b>\$257,343,400</b>	<b>\$259,428,100</b>	<b>\$3,896,200</b>	<b>1.5</b>
<b>FTEs</b>	509.0	509.0	509.0	509.0	509.0	0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 30, 2006.

**Overview**

Article VI of the *Constitution of the State of Michigan of 1963* forms the basis for Michigan's judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		FY 2005-06 YTD (as of 2/10/05)	Enacted Change From YTD
<b>1. Circuit Judgeship Changes</b>	<b>Gross</b>	<b>N/A</b>	<b>\$479,400</b>
Provides nine-month funding for four new circuit judgeships that commence January 1, 2007.	GF/GP	N/A	\$479,400
<b>2. Probate Judgeship Changes</b>	<b>Gross</b>	<b>N/A</b>	<b>\$599,400</b>
Provides nine-month funding for seven part-time probate judges converting to full-time on January 1, 2007.	GF/GP	N/A	\$599,400
<b>3. GF/GP Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$500,000)</b>
Incorporates \$500,000 in unspecified program reductions, spread across various lines according to amount of GF/GP.	GF/GP	N/A	(\$500,000)
<b>4. Court of Appeals: Fee Revenue</b>	<b>Gross</b>	<b>\$18,653,000</b>	<b>\$150,000</b>
Recognizes increased collection of existing Court of Appeals filing and motion fees; increase also recognized in FY 2005-06 mid-year supplemental (ESB 242, 2006 PA 153).	Restricted	1,886,300	150,000
	GF/GP	\$16,766,700	\$0
<b>5. Rent Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>\$53,300</b>
Accommodates increased costs of leases and out-state judicial offices.	GF/GP	N/A	\$53,300
<b>6. New Federal Grants</b>	<b>Gross</b>	<b>\$100,000</b>	<b>\$700,000</b>
Recognizes new grants from federal Office of Highway Safety Planning to automate traffic safety data collection/storage/retrieval.	Federal	100,000	700,000
	GF/GP	\$0	\$0

**JUDICIARY**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>	<b>FY 2005-06 YTD (as of 2/10/05)</b>	<b>Enacted Change From YTD</b>
<b>7. Judicial Defined Contribution and FICA Costs</b>	<b>Gross</b>	<b>N/A</b>
Increases funds for judges' FICA and defined contribution retirement costs. Recommended separately from other economic increases due to constitutional/statutory obligation to fund judgeships.	GF/GP	<b>\$360,800</b>
		\$360,800
<b>8. Economics</b>	<b>Gross</b>	<b>N/A</b>
Provides economic increases as follows:	Federal	N/A
• Salaries/wages at 3.5% increase (\$1.1 million gross, \$1.0 million GF/GP)	Local	N/A
• Insurance (\$378,200 gross, \$358,600 GF/GP)	Private	N/A
• Retirement (\$618,800 gross, \$586,600 GF/GP)	Restricted	N/A
• Building occupancy charges (\$146,000 gross, \$46,800 GF/GP)	GF/GP	N/A
• No economic increase for worker's compensation		N/A
		<b>\$2,203,300</b>
		0
		193,300
		0
		12,600
		<b>\$1,997,400</b>

**Major Boilerplate Changes From FY 2005-06**

**Sec. 204. Contact With Legislature**

Forbids disciplinary action against any judicial branch employee for communicating with legislators or legislative staff.

**Sec. 304. Auditor General – NEW**

Requires judicial branch to cooperate with the auditor general.

**Sec. 305. Expenditure and Revenue Reports – NEW**

Requires quarterly reports on judiciary budget revenue and expenditures.

**Sec. 307. Court of Appeals Delay Reduction**

Expresses legislative intent that revenue from recent increases in Court of Appeals filing and motion fees be used for delay reduction efforts.

**Sec. 313. Judicial Training – NEW**

Expresses legislative intent for judges to receive training on judicial responsibilities pertaining to expert witnesses.

**Sec. 317. Transcript Fees**

Provides for expenditure of a transcript fee fund to reimburse counties for additional costs should statutory limits on transcript fees be increased and associated sources of funding be found.

**TRANSPORTATION  
Summary of FY 2006-07 Enacted Appropriations  
House Bill 5796, Article 18; Public Act 345 of 2006**

**Analyst: William E. Hamilton**

	FY 2005-06 YTD	FY 2006-07		FY 2006-07		Difference: Enacted From FY 2005-06 YTD	
		Executive	House	Senate	Enacted	Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	0.0
<b>Federal</b>	1,210,650,300	1,169,386,000	1,169,336,300	1,169,386,000	1,169,336,300	(41,314,000)	(3.4)
<b>Local</b>	6,100,000	47,500,000	47,500,000	47,500,000	47,500,000	41,400,000	678.7
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	2,208,159,900	2,225,499,100	2,224,909,500	2,214,382,600	2,225,029,000	16,869,100	0.8
<b>GF/GP</b>	0	0	0	0	0	0	0.0
<b>Gross</b>	<b>\$3,424,910,200</b>	<b>\$3,442,385,100</b>	<b>\$3,441,745,800</b>	<b>\$3,431,268,600</b>	<b>\$3,441,865,300</b>	<b>\$16,955,100</b>	<b>0.5</b>
<b>FTEs</b>	3,037.3	3,036.3	3,036.3	3,022.3	3,036.3	(1.0)	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through July 12, 2006; Senate figures are from SB 1097.

**Overview**

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the budget is from constitutionally-restricted state revenue sources—primarily motor fuel taxes and vehicle registrations credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51. Approximately one-third of the budget is federal revenue.

**Major Budget Changes From FY 2005-06 YTD Appropriations**

		<b>FY 2005-06 YTD</b>	<b>Enacted Change From YTD</b>
<b>1. Debt Service</b>			
Reflects reduction in debt service through anticipated refinancing of GARVEE notes.	<b>Gross</b>	<b>\$240,743,500</b>	<b>(\$33,123,500)</b>
	Federal	103,200,000	(48,200,000)
	Restricted	137,543,500	15,076,500
<b>2. IDGs to Other State Departments</b>			
Includes \$20.0 million MTF to Department of State and \$8.7 million MTF to Department of Treasury for cost of collecting MTF revenue; reflects veto of boilerplate earmark for Treasury cost allocation study (\$100,000 MTF); change from FY 2005-06 YTD primarily due to one-time \$11.0 million current-year appropriation to Department of State for license plate reissue.	<b>Gross</b>	<b>\$55,635,700</b>	<b>(\$9,523,500)</b>
	Restricted	55,635,700	(9,523,500)
<b>3. Economic Development and Enhancement Programs – Business Support</b>			
Reflects \$36,700 economic reduction; adds \$181,800 restricted to replace federal funds; federal funds in State trunkline road/bridge construction line were used for administrative cost in prior years.	FTEs	9.0	0.0
	<b>Gross</b>	<b>\$985,900</b>	<b>\$145,100</b>
	Restricted	985,900	145,100
<b>4. Information Technology</b>			
Adds \$891,800 federal for information technology projects.	<b>Gross</b>	<b>\$27,000,000</b>	<b>\$876,500</b>
	Federal	555,100	891,800
	Restricted	26,444,900	(15,300)
<b>5. Engineering Services</b>			
Includes \$4.0 million federal funds for Safe Routes to Schools, new federally-mandated program from federal-aid highway program reauthorization SAFETEA-LU; program also appears in current-year supplemental SB 242; federal funds 100% of program cost.	FTEs	804.2	(2.0)
	<b>Gross</b>	<b>\$53,871,300</b>	<b>\$1,666,600</b>
	Federal	10,008,200	1,143,100
	Restricted	43,863,100	523,500

**TRANSPORTATION**

<b><u>Major Budget Changes From FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>Enacted Change From YTD</u></b>
<b>6. State Trunkline Maintenance</b>	FTEs	815.6	10.0
Reflects state trunkline lane miles added by new construction and jurisdictional transfers, economic increases, and increased road maintenance material cost; funded in State trunkline operations line at \$129.3 million, and Contract operations line at \$145.8 million.	<b>Gross</b>	<b>\$262,017,900</b>	<b>\$13,147,000</b>
	Restricted	262,017,900	13,147,000
<b>7. State Trunkline Road and Bridge Construction</b>	<b>Gross</b>	<b>\$992,612,100</b>	<b>(\$4,749,900)</b>
Appropriates \$987.9 million (\$4.7 million decrease from current-year), reflecting anticipated federal and State Trunkline Fund (STF) revenue; local revenue increase is a technical adjustment (no increase in revenue); reflects veto of three boilerplate project earmarks (\$202,000 STF).	Federal	751,800,300	2,735,800
	Local	5,000,000	25,000,000
	Restricted	235,811,800	(32,485,700)
<b>8. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$1,004,653,100</b>	<b>\$6,890,400</b>
Provides \$1.0 billion (\$649.4 million to county road commissions, \$362.1 million to cities/villages) based on MTF revenue estimate and Act 51 formula; distribution based on actual MTF revenue.	Restricted	1,004,653,100	6,890,400
<b>9. Transportation Economic Development</b>	<b>Gross</b>	<b>\$41,009,800</b>	<b>\$757,000</b>
Provides \$41.8 million for statutory distribution; adds \$40,000 to Forest roads program to construct additional truck turnoffs.	Restricted	41,009,800	757,000
<b>10. Aeronautics Programs</b>	FTEs	56.0	0.0
Offsets \$216,800 economic increases with program reductions to reflect anticipated State Aeronautics Fund revenue; \$709,800 reduction to Aeronautics services, \$300,000 to Air service program.	<b>Gross</b>	<b>\$8,486,500</b>	<b>(\$793,000)</b>
	Restricted	8,486,500	(793,000)
<b>11. Public Transportation and Freight Services</b>	FTEs	74.0	0.0
Maintains current-year baseline funding (after \$895,000 increase in SB 242 supplemental); reflects funding of economic increases.	<b>Gross</b>	<b>\$7,713,700</b>	<b>\$518,500</b>
	Federal	695,000	43,100
	Restricted	7,018,700	475,400
<b>12. Bus Transit – Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$163,276,100</b>	<b>\$3,347,900</b>
Includes \$166.6 million for state operating assistance to local public transit agencies.	Restricted	163,276,100	3,347,900
<b>13. Rail Passenger Service</b>	<b>Gross</b>	<b>\$8,200,000</b>	<b>\$0</b>
Maintains current-year funding; limits Port Huron/Chicago and Grand Rapids/Chicago subsidy to \$7.1 million (Sec. 711)	Federal	1,000,000	0
	Restricted	7,200,000	0
<b>14. Bus Capital</b>	<b>Gross</b>	<b>\$46,852,200</b>	<b>\$17,874,300</b>
Provides matching funds for Federal Transit Administration grants to local transit agencies; assumes \$10.9 million additional Comprehensive Transportation Fund (CTF) revenue and adds \$7.0 million local.	Federal	30,000,000	0
	Local	500,000	7,000,000
	Restricted	16,352,200	10,874,300
<b>15. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$9,096,300</b>
Includes salary/wage increases (\$5.7 million), retirement/insurance contributions (\$2.9 million), building occupancy charges (\$927,300); partially offset by worker's compensation reduction of \$104,000.	Restricted	N/A	9,096,300

**Major Boilerplate Changes From FY 2005-06**

**Sec. 258. Information Technology – NEW**

Authorizes designation of IT projects as work projects under Section 451a of the DMB Act.

**Sec. 306. Biennial Audit of Transportation Funds – REVISED**

Requires audit; modifies language to extend report due date to nine months after the state Comprehensive Annual Financial Report (CAFR) is issued.

**Major Boilerplate Changes From FY 2005-06**

**Sec. 311. Local Advance Construct Projects – DELETED**

Prohibits use of state funds for local advance construct projects; current-year language was also repealed in SB 242 to allow for *Local Jobs Today* program.

**Sec. 383. State Airfleet Restrictions – NEW**

Waives restrictions for law enforcement and homeland security in new subsection (6).

**Sec. 391. Public Transportation Deputy Directors – NEW**

States legislative intent that there be separate deputy directors for public transportation and aeronautics programs.

**Sec. 392. Asphalt/Scrap Tire Paving Test Project – DELETED**

Directs Department to assist in the development of a test overlay project using a scrap tire asphalt mix.

**Secs. 383 and 384. Detroit River International Crossing Study – NEW**

Requires that Department not, directly or indirectly, expend funds appropriated in Part 1 for design or right of way acquisition associated with new Detroit River crossing between Detroit, Michigan, and Windsor, Ontario.

**Sec. 401. Distribution of Federal Aid**

Provides for legislative approval of proposed distribution of federal aid between state and local road agencies; Governor indicated section is an unconstitutional infringement on executive powers and is not enforceable.

**Sec. 402. Sale of Local Federal Aid – NEW**

Authorizes local road agencies to sell federal aid to Department or to other local road agencies; specifies that state-restricted transportation funds received in exchange for federal aid funds be used for the same purpose as the federal aid funds were originally intended.

**Sec. 504. Report on Use of MTF – PARTIAL VETO**

Requires report on use of transportation funds; new subsection 4, requiring Department of Treasury cost allocation study, was vetoed by the Governor (\$100,000 MTF).

**Sec. 608. Forest Road Truck Turn-Offs**

Includes \$40,000 for truck turnoffs.

**Sec. 613. MIS Signage – VETOED**

Requires Department to spend not less than \$50,000 for signs to assist traffic coming to the Michigan International Speedway; Governor vetoed earmark, but indicated that project would continue using current-year funding.

**Sec. 615. Interchange M-48 and I-75 in Chippewa County – VETOED**

Earmarks funds for construction of full interchange (\$100,000 STF).

**Sec. 616. Traffic Light US-31 Bay Harbor (Emmet County) – VETOED**

Requires that Department reimburse the City of Petoskey for traffic signal (\$52,000 STF).

**Sec. 639. Compliance With Michigan Vehicle Code – REVISED**

Requires signage and report on compliance with "drive on right side" requirement.

**Sec. 640. Compliance With Michigan Vehicle Code – REVISED**

Requires signage and report on compliance with "yield to emergency vehicle" requirement.

**Sec. 654. Long-Term Viability of Mackinac Bridge – REVISED**

Indicates legislative intent that the Mackinac Bridge Authority protect long-term viability.

**Sec. 655. Eaton Rapids Sidewalk Program – NEW**

Indicates legislative intent that Department spend not less than \$32,000 for sidewalk improvement project.

**Sec. 656. M-49 Upgrade "Green Highway" – NEW**

Indicates legislative intent that Department upgrade M-49 in Hillsdale County to a designated truck route.

**Sec. 657. US-23 Corridor Study – NEW**

Indicates legislative intent that Department proceed with a US 23 congestion mitigation corridor study in Washtenaw and Livingston Counties.

**TRANSPORTATION**

**Major Boilerplate Changes From FY 2005-06**

***Sec. 707. Local Bus Operating***

Provides guidelines for local bus operating appropriation; subsection (2) limits grants to the Detroit Transportation Corporation at FY 1996-97 level, and references prior appropriations bills regarding the Detroit People Mover; Governor indicated subsection is unconstitutional attempt to amend Act 51 by reference, and is unenforceable.

***Sec. 709(3). Essential Corridor Bus Routes***

Prohibits entity receiving operating assistance from competing with other private/public carrier over the same route.

***Sec. 711. Rail Passenger (AMTRAK) – REVISED***

Directs Department to negotiate with rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service; limits state subsidy to \$7.1 million; subsection (2) revision stipulates that state subsidy for Grand Rapids/Chicago and Port Huron/Chicago rail passenger service be limited to amount equal to revenue generated from operating the routes; provides that state subsidy not exceed \$7.1 million.

***Sec. 732. Handicap Bus Lifts Maintenance Reporting Requirement – REVISED***

Requires report for maintenance of wheelchair lifts by transit agencies; provides sanctions for failure to repair by milestone dates; Governor indicated subsections 5 and 6, which provide penalties for noncompliance, are an unconstitutional attempt to amend of Act 51 by reference, and are unenforceable.

***Sec. 738. Hillsdale to Quincy Track Project – NEW***

Indicates legislative intent that sufficient funds be allocated from appropriations to complete this project.

***Sec. 739. Transit Agency Bus Size***

Directs transit agencies not to assign buses longer than 40 feet to fixed route service if not warranted by ridership.

**FY 2006-07**

**CONSENSUS REVENUE**

**Consensus Revenue  
FY 2006-07**

**Senior Economist: Rebecca Ross**

This section explains August 2005 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FYs 2004-05 and 2005-06 by major revenue sources.

**GF/GP REVENUE ESTIMATES  
(Millions of Dollars and Fiscal Years)**

	<u>Final 2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2006-07 Over 2005-06</u>	
				<u>% Change</u>	<u>\$ Change</u>
Personal Income Tax	\$4,138.6	\$4,210.9	\$4,305.4	2.2%	\$94.5
Sales and Use Taxes	1,014.9	1,032.5	1,087.2	5.3%	54.7
SBT and Insurance Taxes	2,140.7	2,200.0	2,264.0	2.9%	64.0
Other Taxes	603.0	628.8	608.4	-3.2%	(20.4)
<b>GF/GP Baseline Tax Revenue</b>	<b>\$7,897.2</b>	<b>\$8,072.2</b>	<b>\$8,265.0</b>	<b>2.4%</b>	<b>\$192.8</b>
Non-Tax Revenue	266.1	242.5	234.5	-3.3%	(8.0)
<b>Total GF/GP Baseline Revenue</b>	<b>\$8,163.3</b>	<b>\$8,314.7</b>	<b>\$8,499.5</b>	<b>2.2%</b>	<b>\$184.8</b>
<b>Adjustments to Baseline</b>	145.5	(32.9)	(64.1)		<b>(31.2)</b>
<b>Actual GF/GP Revenue</b>	<b>\$8,308.8</b>	<b>\$8,281.7</b>	<b>\$8,435.4</b>	<b>1.9%</b>	<b>\$153.7</b>

**General Fund/General Purpose Revenue by Source**

***Personal Income Tax***

- Wage and salary employment is expected to decrease 0.9% in 2006 and decrease 0.2% in 2007.
- Michigan's unemployment rate is expected to be 6.8% in 2006, then increase to 7.0% in 2007.
- Michigan personal income tax revenue is forecast to increase 2.4% in FY 2005-06 and 2.5% in FY 2006-07.
- Baseline GF/GP income tax revenue is expected to increase 1.8% to \$4,210.9 million in FY 2005-06, and 2.2% to \$4,305.4 million in FY 2006-07.

***Sales and Use Taxes***

- Improved growth in wage and salary income will increase baseline GF/GP sales and use tax revenue from \$1,032.5 million in FY 2005-06 to \$1,087.2 million in FY 2006-07.

***Single Business and Insurance Taxes***

- Business taxes (SBT plus insurance taxes) accrue to the General Fund.
- Net baseline business taxes were \$2,140.7 million in FY 2004-05 and will increase 2.8% to \$2,200.0 million in FY 2005-06, and 2.9% to \$2,264.0 million in FY 2006-07.
- Baseline Single Business Tax revenue alone was \$1,891.2 million in FY 2004-05; it is expected to increase 3.9% to \$1,965.0 million in FY 2005-06 and increase 2.7% to 2,018.0 million in FY 2006-07.

***GF/GP Baseline Tax Revenue***

- Final GF/GP baseline tax revenue totaled \$7,897.2 million in FY 2004-05.
- GF/GP baseline tax revenue is expected to increase in FY 2005-06 by 2.2% to \$8,072.2 million and in FY 2006-07 by 2.4% to \$8,265.0 million.

***Total GF/GP Baseline Revenue***

- Total baseline GF/GP revenue includes baseline tax revenue and non-tax revenue. Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs.

- Total GF/GP baseline revenue was \$8,163.3 million in FY 2004-05.
- GF/GP baseline revenue is expected to increase by 1.9% to \$8,314.7 million in FY 2005-06 and by 2.2% to \$8,499.5 million in FY 2006-07.

**Actual GF/GP Revenue**

- Actual GF/GP revenue represents revenue available for expenditure each year and includes adjustments to the baseline, such as tax changes and one-time federal revenue.
- Final total actual GF/GP revenue was \$8,308.8 million in FY 2004-05.
- Actual GF/GP revenue is expected to decline by 0.3% to \$8,281.7 million in FY 2005-06, then increase by \$153.7 million or 1.9% to \$8,435.4 million in FY 2006-07.

**SCHOOL AID FUND REVENUE ESTIMATES  
(Millions of Dollars and Fiscal Years)**

<u>Revenue</u>	<u>Final 2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2006-07 Over 2005-06</u>	
				<u>% Change</u>	<u>\$ Change</u>
Sales and Use Tax	\$5,273.0	\$5,343.7	\$5,542.4	3.7%	198.7
Income Tax Earmark	1,988.7	2,064.6	2,125.1	2.9%	60.5
Lottery and Casinos	765.2	793.7	799.3	0.7%	5.6
Tobacco Taxes	472.7	472.9	463.1	-2.1%	(9.8)
State Education Tax	1,916.8	2,006.8	2,112.0	5.2%	105.2
Real Estate Transfer Tax	313.5	320.0	311.0	-2.8%	(9.0)
Liquor Excise and Specific Taxes	182.9	171.1	176.6	3.2%	5.5
<b>Baseline SAF Revenue</b>	<b>\$10,914.9</b>	<b>\$11,172.8</b>	<b>\$11,529.6</b>	<b>3.2%</b>	<b>\$356.8</b>
Adjustments to Baseline	1,390.7	1,511.5	1,529.3		17.8
<b>Actual SAF Revenue (Less GF/GP Transfer)</b>	<b>\$12,305.6</b>	<b>\$12,684.3</b>	<b>\$13,058.9</b>	<b>3.0%</b>	<b>\$374.6</b>

**School Aid Fund Revenue by Source**

**Sales and Use Taxes**

- Combined sales and use tax revenue dedicated to the SAF equaled \$5,273.0 million in FY 2004-05 and is forecast to increase 1.3% to \$5,343.7 million in FY 2005-06 and 3.7% to \$5,542.4 million in FY 2006-07.
- Baseline sales tax revenue is forecast to increase 1.3% in FY 2005-06 and 3.7% in FY 2006-07.
- Baseline use tax revenue to the SAF is estimated to increase 1.7% in FY 2005-06 and 4.0% in FY 2006-07.

**Income Tax**

- Approximately 23.0% of gross income tax collections are dedicated to the SAF.
- Baseline dedicated income tax revenue is forecast to increase 3.8% to \$2,064.6 million in FY 2005-06 and 2.9% to \$2,125.1 million in FY 2006-07.

**Lottery/Casinos**

- Lottery revenue contributed \$667.6 million to the SAF in FY 2004-05.
- Baseline lottery revenue to the SAF is projected to increase 3.6% to \$691.7 million in FY 2005-06 and increase 0.5% in FY 2006-07.
- Casino revenue contributed \$97.6 million to the SAF in FY 2003-04, and is estimated to be \$102.0 million in FY 2005-06 and \$104.1 million in FY 2006-07.

**Tobacco Taxes**

- In FY 2005-06, approximately 40% of gross tobacco tax revenue will be dedicated to the SAF.
- The SAF received \$472.7 million from tobacco taxes in FY 2004-05.
- The demand for tobacco products is expected to decline over the duration of the forecast.

**CONSENSUS REVENUE**

- Total SAF tobacco tax revenue is expected to decrease to \$472.9 million in FY 2005-06 and \$463.1 million in FY 2006-07.

**State Education Tax/Real Estate Transfer Tax**

- All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF.
- Revenue from the SET was \$1,916.8 million in FY 2004-05.
- SET revenue is expected to increase 4.7% to \$2,006.8 million in FY 2005-06 and 5.2% to \$2,112.0 million in FY 2006-07.
- RET contributed \$313.5 million to the SAF in FY 2004-05 and is forecast to contribute \$320.0 million in FY 2005-06 and \$311.0 million in FY 2006-07.

**Total SAF Baseline Revenue**

- Final total SAF baseline revenue was \$10,914.9 million in FY 2004-05.
- Baseline revenue is expected to increase 2.4% to \$11,172.8 million in FY 2005-06 and 3.2% to \$11,529.6 million in FY 2006-07.

**Actual SAF Revenue**

- Actual SAF revenue represents revenue available for expenditure each year; it includes tax changes, beginning balances, federal funds, and BSF transfers, but does not include any GF/GP transfers to SAF.
- Actual SAF revenue was \$12,305.6 million in FY 2004-05 and is expected to increase 3.1% to \$12,684.3 million in FY 2005-06, then increase 3.0% to \$13,058.9 million in FY 2006-07.

**HFA Estimates of Year-End Balances**

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the Budget Stabilization Fund (BSF).

**YEAR-END BALANCE ESTIMATES  
(Millions of Dollars)**

	<u>FY 2004-05</u>	<u>FY 2005-06</u>
General Fund/General Purpose	\$220.5	\$109.7
School Aid Fund	\$93.7	\$95.2
Budget Stabilization Fund	\$2.0	\$2.1

Year-end estimates notes:

- Fiscal year 2004-05 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- SAF revenue is restricted; hence, any year-end balance is carried forward to the subsequent year.
- BSF estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

**Budget Stabilization Fund Year-End Balances**

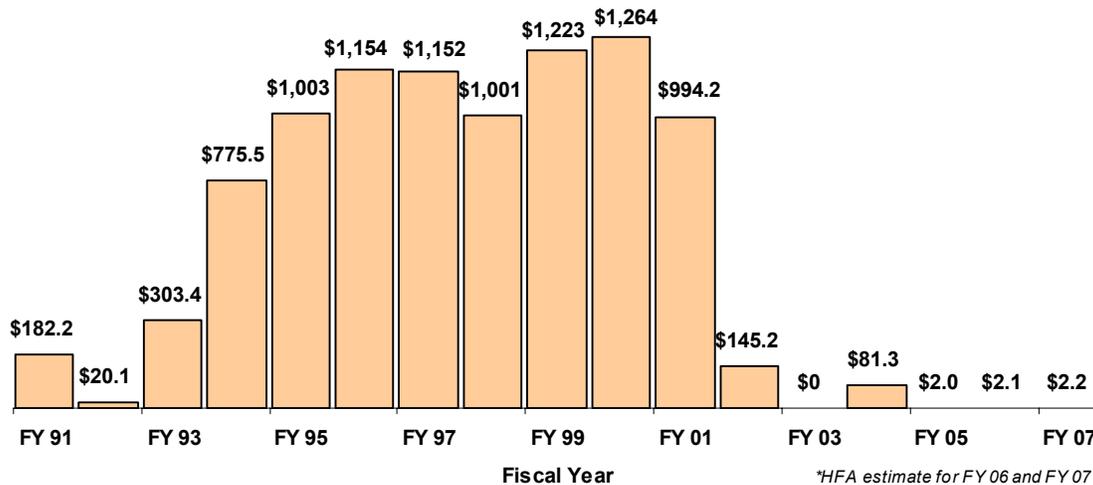
The following table reports a history of BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2004-05 and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2005-06 and FY 2006-07. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was zero for FY 2002-03 and \$81.3 million for FY 2003-04. Based on final FY 2004-05 data, \$81.3 million was transferred from the BSF to GF/GP, which left interest earnings of \$2.0 million as the year-end balance. The fund balance is forecast to be \$2.1 million for FY 2005-06 and \$2.2 million for FY 2006-07.

**BUDGET STABILIZATION FUND  
(Millions of Dollars)**

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	\$0.0	\$230.0	\$27.1	\$182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.8	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.3	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06 <i>Estimate</i>	0.0	2.0	0.1	2.1
2006-07 <i>Estimate</i>	0.0	2.1	0.1	2.2

**Budget Stabilization Fund (BSF) Balance  
(Millions of Dollars)**



**Compliance With the State Revenue Limit**

HFA estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

**FY 2006-07 APPROPRIATIONS SUMMARY AND ANALYSIS**

**COMPLIANCE WITH THE STATE REVENUE LIMIT  
(Millions of Dollars)**

<u>Revenue Limit Calculations</u>	<u>FY 2003-04</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>
Personal Income			
	CY 2003	CY 2004	CY 2005
Amount	\$314,460	\$324,134	\$335,164
X Limit Ratio	9.49%	9.49%	9.49%
<b>State Revenue Limit</b>	<b>\$29,842.2</b>	<b>\$30,760.3</b>	<b>\$31,807.1</b>
<b>Total Revenue Subject to Revenue Limit</b>	<b><u>25,626.7</u></b>	<b><u>26,211.0</u></b>	<b><u>27,121.1</u></b>
<b>Amount Under (Over) State Revenue Limit</b>	<b>\$4,215.5</b>	<b>\$4,549.3</b>	<b>\$4,686.0</b>

**Implications of Exceeding the State Revenue Limit**

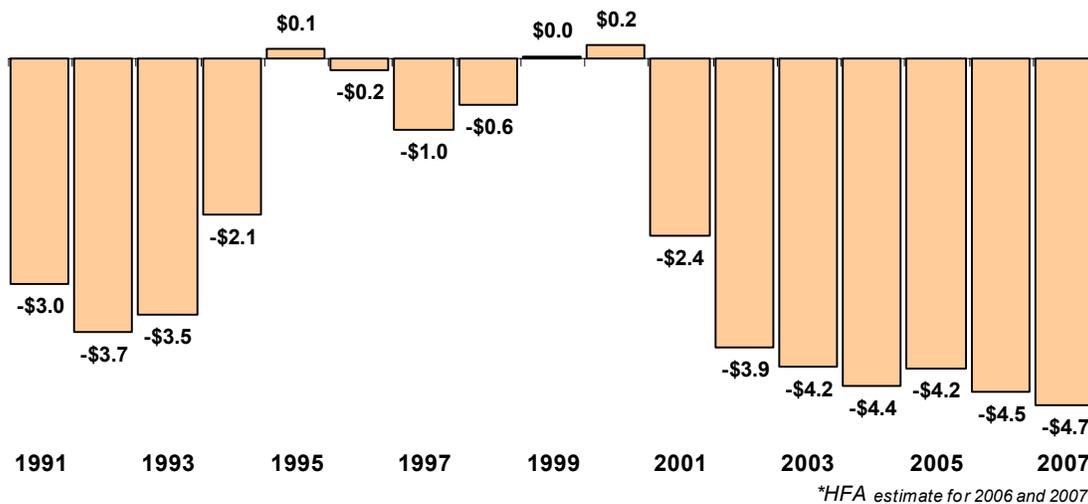
Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... For any fiscal year in the event that Total State Revenue exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The final FY 2004-05 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. For both FY 2005-06 and FY 2006-07, state revenue is estimated to be substantially below the revenue limit—by \$4.5 billion and \$4.7 billion, respectively.

**Constitutional Revenue Limit**



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